

Working Draft

Last revised February 29, 2004

AGREEMENT
BETWEEN
GATEWAY WESTERN RAILWAY COMPANY
AND
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

SCOPE

(a) These Rules govern the hours of service, rates of pay, and work conditions of all employees of the Carrier performing work described in Appendix 1, and other employees of the Carrier who may subsequently be employed to perform such work, represented by the Brotherhood of Maintenance of Way Employees.

This Agreement does not apply to supervisory forces above the rank of Foreman, nor to employees engaged in work of a character properly belonging to classes or employees covered by other collective bargaining agreements.

NOTE: Any new positions created after the effective date of this Agreement to perform the work covered hereby shall be covered by the provisions of this Agreement.

(b) When a position covered by this Agreement is abolished, the work assigned to such position which remains to be performed will be reassigned to other positions covered by this Agreement.

(c) Work covered by this Agreement shall not be removed from the application of the Rules of this Agreement, except as provided in Rule 39 - Subcontracting and/or by mutual agreement between the parties signatory hereto.

(d) An officer or employee of the Carrier not covered by this Agreement shall not be permitted to perform any work covered by this Agreement except work which is linked or incidental to such officer's or employee's regular duties (including work performed as part of a program of instruction or to test equipment, facilities, or systems).

(e) The use of such words as "he," "his," and "him," as they appear in this Agreement are not intended to restrict the application of the Agreement or a particular rule to a particular sex, but are used solely for the purpose of grammatical convenience and clarity.

(f) The term "Department" as used herein, unless specifically defined otherwise, shall mean the Maintenance of Way Department. The term "Subdepartments" referred to herein shall be Mechanics, Welders, Machine Operators, Bridge & Building and Track.

RULE 1

CUSTOMER SERVICE

The parties to this Agreement agree that the fundamental objective of the Railroad, its management and employees, is to provide service to its customers in the most efficient manner. Accordingly, the parties agree that in interpreting and implementing this Agreement, paramount emphasis shall be placed on providing efficient service to customers.

RULE 2

RATES OF PAY

Rates of pay for all positions shall be as set out in Appendix 1.

RULE 3

401(K) Plan

Effective no later than July 01, 1997, the Carrier will establish and maintain at no cost to the employees a 401(K) Plan, for employees subject to this Agreement. Under the Plan, for the first six (6) percent of an employee's

salary contributed, the Carrier will contribute \$.50 for each \$1.00 contributed by the employee. The employee may contribute an amount above six (6) percent, up to a maximum of fifteen (15) percent of their compensation with no Carrier participation. Maximums and minimums are subject to Federal and State laws and regulations.

RULE 4

RATES OF POSITIONS

(a) Positions (not employees) shall be rated and the transfer of rates from one position to another shall not be permitted.

(b) Employees temporarily assigned to higher rated positions for at least one (1) hour but less than four (4) hours in a day shall receive the higher rate for four (4) hours. Employees temporarily assigned to higher rated positions for four (4) or more hours in a day shall receive the higher rates for the entire day. Employees temporarily assigned to lower rated positions shall not have their rates reduced.

(c) The wages for new positions shall be in conformity with the wages for positions of similar kind or class. When there are no positions of a similar kind or class, rates of pay fixed by the Carrier shall be subject to protest by the General Chairman as a minor dispute.

RULE 5

ENTRY RATES

~~Employees entering service after the effective date of this Agreement shall be paid as follows:~~

- ~~(a) (1) First Year – Seventy-five (75) percent of the applicable rates of pay for the class and craft in which service is rendered.~~
- ~~(2) Second Year – Eighty-five (85) percent of the applicable rates of pay for the class and craft in which service is rendered.~~
- ~~(3) Third Year – Ninety-five (95) percent of the applicable rates of pay for the class and craft in which service is rendered.~~

~~**Example:** An employee establishing a seniority date of January 1, 1988, shall be entitled to full rates (one hundred (100) percent) effective January 1, 1991.~~

Note: Following changes added in accordance with Article V of the April 7, 2003 Agreement.

Article V – Entry Rates

Section 1

Article III of the October 17, 1986 National Agreement (as amended), including all applicable Side Letters, and all other local rules governing entry rates are amended to provide that covered employees shall be paid at 90 percent of the applicable rates of pay (including COLA) for the first twelve (12) calendar months of employment and shall be paid at 95 percent of the applicable rates of pay (including COLA) for the second twelve (12) calendar months of employment for all service performed on positions by an agreement with the organization.

Section 2

Employees covered by the aforementioned Article III or local rules governing entry rates on the date of this Agreement shall be credited, for purposes of the application of Section 1, for all calendar months of employment rendered as of the effective date of this Article.

Section 3

This Article shall be effective ten (10) days after the effective date of this Agreement.

(b) Any calendar month in which an employee does not render at least ten (10) days compensated service or is not available for at least ten (10) days shall not count toward completion of the twelve (12) month period comprising

any years specified in (a), above.

(c) Entry rates described herein will be applicable only to Pay Class III positions as described within Appendix 1, that of Track/Bridge & Building Laborer, Welder Helper, and Light Machine Operator.

NOTE: It is understood that in the event employees who are receiving entry rates are assigned to positions of higher pay class, entry rates shall not be applicable to their service in the higher pay class. Such employee(s) who subsequently return to a Pay Class III position, shall again receive the applicable entry rate, provided they have not completed the service requirements of paragraph (a) above.

RULE 6

WORKDAY AND WORKWEEK

(a) Except as otherwise provided herein or in Rules 7 - MEAL PERIOD and 20 - SERVICE OUTSIDE OF REGULAR ASSIGNMENTS, eight (8) consecutive hours, exclusive of the meal period, shall constitute a day's work for which eight (8) hours' pay will be allowed. Except as provided in Rules 27 - ATTENDING COURT, 28 - JURY DUTY, 29 - HOLIDAYS, 30 - VACATION, 35 - PERSONAL LEAVE DAYS and 37 - BEREAVEMENT LEAVE, herein, no pay will be allowed for days not worked.

(b) The normal workweek for all employees subject to this Agreement, other than as provided in (c), below, will be forty (40) hours, consisting of five (5) days of eight (8) hours each with two (2) consecutive days off in each seven (7). Insofar as practicable the days off shall consist of or include Saturday and Sunday; however, rest days may be changed when operational requirements dictate. This action may not be taken to avoid overtime.

(c) The normal work week for system gangs will consist either of four (4) consecutive ten (10) hour days or five (5) consecutive eight (8) hour days. Territorial gang members assigned to work with a system gang while such system gang is in their territory may be scheduled to work on the basis of the same workday and workweek applying to the system gang.

1. Employees obtaining a four (4) day, ten (10) hour per day assignment will not be placed in a worse position with respect to holidays and vacations as a result of this rule.
2. Employees assigned to work four (4) day, ten (10) hour workweeks will be allowed the pro rata rate for the ten (10) hour day.
3. For vacation qualifying purposes, employees assigned to this workweek will be allowed credit for one and one-quarter (1.25) days for each day worked in such assignments during the calendar year.
4. Employees absent on vacation for which qualified during the period to which assigned to this workweek, will be compensated while on vacation on the basis of ten (10) hours per day at the pro rata rate and one and one-quarter (1.25) days charged against the number of vacation days to which entitled, with four (4) such days constituting a vacation week.
5. Employees exercising seniority rights to or from positions within this workweek shall take all the conditions of the assignments they obtain and shall have no claim for loss of compensation or claim for overtime account of working in excess of forty (40) hours or more than five (5) days in their workweek by reason of this exercise of seniority rights.

(d) Regular Relief Assignments -

- (1) To the extent reasonably possible, regular relief assignments with five (5) days of work and two (2) rest days will be established by bulletin to do the work necessary on rest days of regular assignments, or to perform relief work on certain days and such types of other work on other days as may be assigned under this Agreement.
- (2) Assignments for regular relief positions may on different days include different starting times, duties and work locations for employees of the same class, provided they take the starting time, duties and work locations of the employee or employees whom they are relieving.

(e) Non-consecutive Rest Day -

The typical workweek is to be one with two (2) consecutive days off. However, when customer service so requires, workweeks providing for non-consecutive rest days may be adopted by the parties pursuant to the provisions of Rule 17 - BULLETINS. The Carrier generally shall consider the following factors in scheduling non-consecutive rest days:

- (1) Regular relief positions established pursuant to paragraph (c) of this Rule.
- (2) Possible use of rest days other than Saturday and Sunday, in accordance with other provisions of this Agreement.
- (3) Other suitable or practicable plans which may be suggested.

(f) Beginning of Workweek -

The term "workweek" for regularly assigned employees shall mean a week beginning on the first day on which the assignment is bulletined to work.

NOTE: The expressions "positions" and "work" used in this Rule refer to service, duties, or operations necessary to be performed the specified numbers of days per week, and not to the workweek of individual employees.

RULE 7

MEAL PERIOD

- (a) Unless otherwise agreed to by the proper officer and duly accredited representative, the assigned meal period shall not be less than thirty (30) minutes nor more than one (1) hour.
- (b) If an employee is assigned to a shift consisting of eight (8) consecutive hours or more, then not less than twenty (20) minutes shall be allowed in which to eat, without deduction in pay, during the fourth or fifth hour after the beginning of the job assignment.
- (c) When a meal period is allowed as provided in (a), above, it shall be regularly assigned during the fourth or fifth hour after the beginning of the job assignment, unless otherwise agreed to between Management and the duly accredited representative. If the meal period provided for in (a) or (b) above, is not afforded within the assigned period and is worked, the meal period shall be paid for at the overtime rate and twenty (20) minutes with pay in which to eat shall be afforded at the first opportunity.
- (d) Employees will not be required to work more than ten (10) hours without being permitted to take a second meal period, and succeeding meal periods will be granted at appropriate intervals of not more than six (6) hours. Time taken for such meal periods will not terminate the continuous service period and will be paid for up to thirty (30) minutes for each such meal period.
- (e) The second meal and subsequent meals (if any) under Section (d) shall be furnished by the Carrier, at Carrier expense. The Carrier will make a reasonable effort to insure that such meal will be hot and substantial.
- (f) The Carrier will make suitable arrangements for employees to take additional and succeeding meals for which allowance is made pursuant to Section (d) and (e) above, or for meals on rest days and holidays, when the work extends beyond the time of which the employee has been given notice prior to reporting to work.

RULE 8

STARTING TIME

- (a) Where work is performed covering the twenty-four (24) hour period, the starting time of each shift will be between the hours of six (6) and eight (8) A.M., two (2) and four (4) P.M., and ten (10) P.M. and midnight.
- (b) The starting time of the work period for regular assigned day service will not begin earlier than 6:00 A.M. nor later than 10:00 A.M. Starting times for shifts other than regular day service may be established at the discretion of Management, subject to the provisions of (a) above.

(c) During those periods of the year when time changes are made back and forth from Standard Time to Daylight Savings Time, employees' hours will be adapted to conform to the time changes without penalty to the Carrier.

RULE 9

HEALTH INCENTIVE PLAN

(a) Employees that work each and every day of their regular assignment in a calendar quarter shall receive a health incentive payment equal to sixteen (16) hours pay at the regular rate, provided in each case that the eligible employee files, prior to the close of the next calendar quarter, a claim form with the Payroll Department claiming such incentive pay. Such payment shall be made as part of the employee's regular paycheck as soon after the filing of the claim as reasonably practicable but no later than forty-five (45) days following the filing of the employee's claim.

(b) Employees absent from work because of time lost on account of jury duty pursuant to Rule 28 - JURY DUTY, holidays taken pursuant to Rule 29 - HOLIDAYS, vacation pursuant to Rule 30 - VACATION, or personal leave taken pursuant to Rule 35 - PERSONAL LEAVE DAYS, or bereavement leave taken pursuant to Rule 37 - BEREAVEMENT LEAVE, shall not be disqualified from health incentive pay if otherwise eligible pursuant to section (a).

NOTE: Employees absent from work to appear as witnesses for employees at Carrier-held investigations shall not be disqualified from health incentive pay if otherwise eligible pursuant to Section (a).

(c) Employees unavailable for overtime calls shall not be disqualified from health incentive pay when otherwise eligible pursuant to this Rule.

RULE 10

OVERTIME

(a) All time worked in excess of forty (40) hours in a workweek shall be paid for as overtime, at one and one-half (1-1/2) times the hourly rate. Employees instructed to work overtime shall work overtime whether such overtime occurs before or after the regular assignment.

(b) Employees who have worked five (5) days in a workweek (or four (4), ten (10) hour days) shall be paid one and one-half (1-1/2) times the basic straight time rate for work on the sixth or seventh day of their workweek (or on the fifth day in the case of employees working four (4), ten (10) hour days). Employees performing more than five (5) days service per week because of moving from one assignment to another are not entitled to overtime.

(c) All time worked in excess of sixteen (16) hours in a twenty-four (24) hour period (beginning with the time the continuous work period commences) shall be paid for as overtime, at twice (2 times) the hourly rate.

(d) No hours in excess of the regular hours during which the job is bulletined to work shall be worked or permitted except by direction of the proper supervising official except where advance authority is not obtainable.

(e) There shall be no pyramiding of overtime under any provision of this Agreement.

(f) Except to the extent that overtime may be offered to system gangs working on system gang assignments in the territory, overtime in a territory shall go to the regularly assigned employees in the positions in which the overtime is to be worked in the territory. When regular assigned employees are not available, then the closest adjoining assigned employees will be called, on a seniority basis.

AGREED TO QUESTIONS AND ANSWERS

Q. 1: An employee works 12 hours on Monday and 8 hours each day Tuesday through Friday. How much overtime, if any, is he entitled to receive?

A. 1: The employee worked 44 hours during the week. He is entitled to 40 hours at straight time and 4 hours at time and one-half.

Q. 2: An employee works 12 hours on Monday, lays off on Tuesday, and works 8 hours each day Wednesday through Friday. How much overtime, if any, is the employee entitled to receive?

A. 2: The employee has worked 36 hours during the week. He is not entitled to overtime.

~~Q. 3: Monday is a holiday which the employee does not work but for which he is paid 8 hours' holiday pay. He works 12 hours on Tuesday and 8 hours each day Wednesday through Friday. How much overtime, if any, is the employee entitled to receive?~~

~~A. 3: The employee actually worked 36 hours during the week. He does not receive overtime, but receives 36 hours' pay at his straight-time rate plus 8 hours holiday pay.~~

~~NOTE: These questions and answers do not apply to Rule 20 – SERVICE OUTSIDE OF REGULAR ASSIGNMENTS.~~

Note: Following changes added in accordance with Article VIII of the April 7, 2003 Agreement.

Article VIII –Overtime

- (a) Time worked preceding or following and continuous with the regular work hours, shall be computed on the actual minute basis and paid for at time and one-half rates, with double time computed on actual minute basis after 16 continuous hours of work in any 24-hour period, computed from the time the continuous work period commences, except that all time during the employees regular shift will be paid for at the pro rata rate.**
- (b) There shall be no overtime on overtime.**
- (c) Overtime on a territory shall go to the regularly assigned employees of such territory on a seniority basis. When the regular assigned employees are not available, then the closest adjoining assigned employee will be called on a seniority basis.**

RULE 11

APPLICATIONS

- (a) Applications for newly hired employees shall be approved or disapproved within sixty (60) calendar days after the applicant begins work. If the application is not disapproved in writing within the sixty (60) day period, the application will be considered as having been approved.
- (b) An employee who has been accepted for employment in accordance with paragraph (a) will not be terminated or disciplined for furnishing incorrect information or withholding information unless Management determines that the information was of such a nature that the employee would not have been hired if the Carrier had had timely knowledge of it.
- (c) The Carrier will provide the duly accredited representative with a list of employees covered by this Agreement who are hired or terminated. The list shall indicate the dates the employees were hired or terminated, their home addresses and Social Security Numbers. The dates will be supplied within thirty (30) days after the month in which the employee is hired or terminated.

RULE 12

SENIORITY DATUM

- (a) Persons entering the service will establish seniority when they begin compensated service in a position covered by this Agreement. An employee will establish seniority in a group in which seniority has not been previously established as of the effective date of the award to a position in such group, in accordance with agreement rules, provided the employee assumes the position or the employee is not disqualified from said position.
- (b) Where two (2) or more employees are assigned on the same day, they shall be ranked in the order of:
 - (1) The most seniority in the next successive lower pay class within the Subdepartment.
 - (2) The earliest continuous seniority date in the Maintenance of Way Department.
 - (3) Date of birth, with the older employee being the senior.

Persons entering the service shall simultaneously acquire seniority in both trackmen and/or bridge laborer positions and/or light machine operator positions, in addition to the position in which hired, pursuant to paragraph

(a) above.

Employees shall retain and continue to accumulate seniority in lower positions while serving in a higher position. In the event they have not previously established seniority in lower position, they will establish seniority in all lower positions within the applicable subdepartment (with the exception of B&B tradesmen) from the date they start in higher position.

Engineering subdepartments are as follows:

- (1) Mechanics
- (2) Welders
- (3) Machine Operators
- (4) Bridge & Building
- (5) Track

NOTE: Those employees who are hired upon commencement of operations in the classification of Bridge Tender shall have seniority in the Bridge & Building (B&B) Subdepartment but shall be protected from displacement by any employee who is not a similarly protected Bridge Tender, so long as they hold a Bridge Tender position. This shall not apply to any such employee who bids or bumps out of a Bridge Tender position or to any employee filling a Bridge Tender position, by bid or otherwise, subsequent to the filling of positions on commencement of operations.

(c) Employees now filling or hereafter promoted to excepted or official positions with the Carrier shall retain all their seniority rights and shall continue to accumulate seniority, provided such employees remain members in good standing with the Organization. The General Chairman will notify the employing officer of failure to maintain good standing. If good standing is not regained within thirty (30) days of receipt of such notification, the employee will forfeit his seniority.

NOTE: For purposes of this paragraph (c), the term "Carrier" shall mean the Gateway Western Railway Company and its subsidiaries.

(d) Seniority rights of employees to vacancies or new positions or to perform work covered by this Agreement shall be governed by these Rules.

(e) Employees voluntarily leaving the service will forfeit all seniority, and if they re-enter the service they will be considered as new employees. Employees dismissed from the service due to their failure to comply with the terms of the union shop agreement shall not be permitted to re-enter the service until after two (2) years have elapsed from the date of dismissal, provided that the individual comes into good standing with the Union.

(f) Except as otherwise provided in this Agreement, seniority rights of employees covered by these Rules may be exercised only in case of vacancies, new positions, reduction of forces or memoranda of agreement between the parties signatory hereto covering special circumstances which in their judgment require such action.

(g) The seniority of an employee covered by this Agreement shall be terminated provided such employee has been furloughed for three (3) consecutive years.

(h) The seniority of any employee covered by this Agreement who has less than three (3) years of seniority with the Carrier shall be terminated provided such employee has been furloughed for three-hundred sixty-five (365) consecutive calendar days.

(i) The seniority of any employee covered by this Agreement who fails to report for work without proper notification to the Carrier of his absence for seven (7) consecutive work days shall be terminated.

NOTE: (1) Paragraphs (g) and (h) are applicable only to employees hired after effective date of this agreement.
(2) Termination under paragraphs (g), (h) or (i) shall be done without benefit of an investigation as provided for in Rule 32.

RULE 13

SENIORITY DISTRICTS

For the employees covered by this Agreement, the entire Gateway Western Railway Company line (as

described in Appendix 2 hereto) shall constitute a single seniority district over which employees may exercise their seniority.

RULE 14

SENIORITY ROSTER

- (a) A seniority roster showing name, occupation, location, and seniority dates of all employees within the seniority district will be posted within thirty (30) days following the effective date of this Agreement in places accessible to all employees affected. A copy of the roster will be provided to the duly accredited representative at the time it is posted.
- (b) The rosters will be revised and posted in January of each year and will be open to protest (for errors associated with the new roster only) for a period of thirty (30) days from date of posting and upon presentation of proof of error by an employee, or his representative, such error shall be corrected.
- (c) The provision for annual revision and posting of seniority rosters shall not be construed to mean that the duly accredited representatives of the employees will be denied the right to request and receive a revised roster when reductions in force are contemplated or when, due to turnover in forces, the annual roster does not furnish the information necessary to properly apply the provisions of this Agreement.
- (d) An employee returning from leave will have thirty (30) days to protest an error in his seniority which would have direct effect on his seniority rights.

RULE 15

PROMOTIONS, ASSIGNMENTS AND DISPLACEMENTS

Employees covered by these rules shall be in line for promotion. Promotions, assignments and displacements (except for promotion or assignment to excepted or management positions) shall be based on Management's determination of fitness, ability and seniority; if fitness and ability are relatively equal, seniority shall prevail.

RULE 16

WORK ASSIGNMENTS

- (a) For each regular position having a specific territorial assignment, the Carrier shall designate a headquarters point such as a depot, tool house, shop, etc. Seven (7) days written notice will be given when designations are changed. A designation to a point outside the assigned territory may not be changed more often than once every six (6) months.
- (b) The regular assigned working territory for system gangs will be the entire GWWR line. No headquarters point will be established for system gang assignments; instead, employees will be assigned new reporting locations or assembly points as needed as they move throughout the system.
- (c) The Carrier shall have sole discretion to establish, change from time to time, and abolish work assignments.

AGREED TO QUESTIONS AND ANSWERS

Q. 1. A system employee reports for work at Point A and stops work for the day at Point B. The employee drove his car to work and left it at Point A. How is the employee to be paid, how is his expense entitlement to be determined, and where does he report for work the next day?

A. 1. The employee is to be paid continuous time until he is returned to Point A at the end of the workday, plus expenses, if applicable. Expenses are to be determined with reference to the distance between Point A and the employee's residence. If the employee has left his machine at Point B, that will be his assembly point for work the next day.

Q. 2. A system employee is transported by the Carrier to report for work at Point A. He stops work for the day at Point B. How is the employee to be paid, how is his expense entitlement to be determined, and where does he report for work the next day?

A. 2. The employee is to be paid continuous time until he stops work at Point B, plus expenses, if applicable. Expenses are to be determined with reference to the distance between Point B and the employee's residence. Point B will be the employee's assembly point for work the next day.

RULE 17

BULLETINS

(a) All new positions and vacancies (except those of less than thirty (30) days duration) shall be promptly bulletined in places accessible to all employees affected for a period of at least ten (10) calendar days. Such bulletin will show location, title and description of position, rate of pay, assigned hours of service, assigned meal period, assigned rest days and if, if temporary, the probable or expected duration. The bulletin also will state the latest date when application must be received.

(b) Employees desiring such position will file their applications in writing so that they are received not later 5:00 p.m. on the date specified in the bulletin, sending a copy to the duly authorized representative. A bulletin of assignment, designating the successful applicant, shall be posted for a period of ten (10) calendar days at all places where the position was bulletined.

NOTE: A bulletined position may not be awarded to an employee who has voluntarily vacated that position in the sixty (60) calendar days preceding its award. This provision will not apply to employees who are displaced or whose jobs are abolished, nor will this provision be construed to prevent an employee from returning to a position held prior to a position from which he was disqualified, as provided in Rule 18 - QUALIFYING.

(c) When more than one (1) vacancy or new position exists at the same time, qualified employees shall have the right to bid on any or all, stating their preference. Nothing in this Rule shall be construed to prevent employees from bidding on any or all bulletined positions, irrespective of whether the position sought is of the same, greater or lesser remuneration.

(d) Except in the case of illness or physical disability, employees assigned to positions by the bulletin process must take their positions within five (5) days, unless an extension of time is agreed upon by the Designated Carrier Officer and the Local Chairman.

(e) When an employee bids for, is awarded, and qualifies for a position, his former position, if not abolished, shall be declared vacant and bulletined immediately.

(f) Bulletined positions may be filled temporarily pending an assignment. In the event no applicants are received, the position may be filled by Management by appointment in accordance with existing Rules.

NOTE: Employees absent from service due to sickness or vacation during the bulletin period set forth in paragraph (a) will have ten (10) calendar days from the date of return to service to make application for the position(s) bulletined during their absence, provided such position(s) has not been awarded to an employee with greater seniority.

RULE 18

QUALIFYING

(a) An employee who acquires a position through bidding or displacement rights and fails to qualify within thirty (30) working days will be returned to the position held immediately prior to the position from which he was disqualified. In the event that the employee's position has been abolished or a senior employee has exercised displacement rights thereon, the disqualified employee will have displacement rights in accordance with Rule 22 - REDUCING FORCES.

(b) Employees who acquire a position will be given full cooperation by supervisors and other employees in

their efforts to qualify.

(c) An employee who is disqualified from a position shall not be eligible to bid for that same position (regardless of gang assignment) for a period of twelve (12) months following his disqualification.

(d) A disqualified employee may request a Rule 32 - DISCIPLINARY PROCEDURE, hearing in writing within fifteen (15) days of the date of written disqualification, such request to be submitted to the Designated Carrier Officer, copy to the General Chairman.

RULE 19

VACATION RELIEF - EXTRA WORK

(a) The Carrier may establish regular assigned vacation relief positions as necessary for vacation relief or other relief work.

(b) Bulletins in accordance with Rule 17 - BULLETINS for regular assigned relief positions shall show the territory included in the assignment, headquarters points, and positions to be relieved. The starting time and rest days will be those of the position relieved.

(c) The rate of pay shall be the rate of the position on which service is performed. If compensation is payable under paragraph (d), the rate shall be the rate of the position last worked.

(d) A regular assigned relief employee who has no vacation relief work to perform to fill out his workweek may be used to perform extra work. Except for work on system gangs, the employee shall not be required to commute more than fifty (50) miles from the headquarters point of the position relieved in order to perform such extra work. Such employees may also be required to undergo training with compensation at the rate of the position last worked or to assist other employees at the rate of the employee being assisted.

(e) Newly hired employees who are being trained for positions covered under this Agreement will be compensated at the Classification III rate subject to the provisions of Rule 5 - ENTRY RATES of this Agreement.

RULE 20

SERVICE OUTSIDE REGULAR ASSIGNMENTS

Employees called for duty and reporting outside of regular working hours and not continuous therewith, either in advance of or following, will be paid a minimum of two (2) hours at time and one-half rate for two (2) hours work or less, and if held on duty in excess of two (2) hours, time and one-half will be allowed on a minute basis.

RULE 21

CHANGED DUTIES

When the duties of any position are so changed that Management determines that the occupant cannot satisfactorily perform them, the occupant shall be permitted to exercise his seniority rights to a position held by a junior employee, provided that he can perform the work of that position. This Rule may be invoked when an employee's physical or mental condition (as verified by the Carrier's Chief Medical Officer) becomes such that he can no longer perform his regular duties.

RULE 22

REDUCING FORCES

(a) In reducing forces, seniority rights shall govern. Except as provided in paragraphs (e) and (f) of this Rule, at least five (5) working days advance written notice, including the date of notice, shall be given employees affected

in reduction of forces or in abolishing positions. A copy of such notice shall also be posted on bulletin boards. Employees whose positions are abolished may exercise their seniority rights over junior employees; other employees affected may exercise their seniority rights in the same manner. Employees whose positions are abolished or who are displaced, and whose seniority rights entitle them to a position, shall assert such rights within ten (10) working days from the date actually affected. An employee who fails to exercise seniority within the ten (10) day period, must then either displace the junior employee on the seniority roster or bid a bulletined vacancy where such employee holds seniority. During this ten (10) day period, such employee will perform work as assigned. Employees having insufficient seniority to displace other employees will be considered furloughed. If an employee's exercise of seniority right would require a change in his residence he may assume a voluntary furloughed status by complying with paragraph (b).

~~(b) Employees desiring to protect their seniority rights and to avail themselves of this Rule must, within ten (10) working days from the date actually reduced to the furloughed list, file their names and addresses in writing, both with the proper Officer (the Officer authorized to bulletin and award positions) and the Local Chairman, and advise them promptly of any change in address.~~

Note: Following changes added in accordance with Article VI of the April 7, 2003 Agreement.

Article VI – Seniority Retention

Employees shall not be required to file their names and addresses with the carrier when furloughed to protect seniority. However, employees have the obligation to keep the carrier advised as to their current address and telephone numbers.

(c) When forces are increased or vacancies occur, furloughed employees shall be returned and required to return to service in the order of their seniority rights, except as otherwise provided in this rule. Such employees, when available, shall be given preference on a seniority basis to all extra work, short vacancies and/or vacancies occasioned by the filling of positions pending assignment by bulletin, which are not filled by rearrangement of regular forces. When a bulletined new position or vacancy is not filled by an employee in service senior to a furloughed employee, the senior furloughed employee will be called to fill the position. Furloughed employees failing to return to service within seven (7) calendar days after being notified (by certified mail or telegram sent to the last address given) or to give reason satisfactory to Management for not doing so, will be considered out of the service.

(d) Furloughed employees desiring to waive their right to return to service on positions or vacancies of less than thirty (30) calendar days duration, or to positions that would require a change in residence may do so by filing written notice with the proper officer as defined above and the General Chairman; such waiver notice may be canceled or terminated in the same manner.

(e) Advance notice to employees shall not be required before abolishing positions under emergency conditions, such as flood, snow storm, hurricane, derailments or train wreck, tornado, earthquake, fire or labor dispute other than as covered by paragraph (f), provided such conditions affect the Carrier's operations in whole or in part. Such abolishments will be confined solely to those work locations directly affected by any suspension of operations. If an employee works any portion of the day he will be paid in accordance with existing rules. When the emergency ceases, all positions abolished must be reestablished, with former occupants returned to their respective positions and said position need not be rebulletined. If the emergency conditions described herein terminate within seven (7) days, employees will be entitled to return to their former positions at their next usual starting time not less than six (6) hours after the emergency terminates; if the emergency conditions extend longer than seven (7) days, employees will be entitled to return to their former positions at their usual starting time within forty-eight (48) hours after the emergency terminates.

(f) Advance notice to employees before positions are abolished shall not be required where any suspension of the Carrier's operations in whole or in part is due to a labor dispute between the Carrier and any of its employees.

(g) Employees will not be furloughed for short periods except as provided in this Rule.

RULE 23

EXPENSES

(a) Except for system gang members whose residence is within fifty (50) miles of the assembly point, employees required to remain overnight at other than their assigned headquarters and system gang members will be provided with suitable lodging at the Carrier's expense and with a meal allowance as set forth in (b), below. The Carrier may designate lodging facilities at which employees must stay in order to qualify for Carrier provided lodging.

(b) Employees covered by (a), above, will be allowed actual and reasonable cost of meals, subject to a maximum of \$ 25.00 per day as supported by the submission of detailed expense forms accompanied by supporting documentation. The foregoing maximum shall be increased by \$1.00 on January 1, 1997, and thereafter on each January 1 following the effective date of this Agreement.

If an employee works four (4) hours or more during his/her normal work day and is authorized to be absent from work by the proper authority, then those employees will receive the full amount of per diem. An employee who works less than four (4) hours during his/her normal work day and is authorized to be absent from work by the proper authority will receive fifty percent (50%) of the full amount of per diem for that day.

(c) Employees who reside within fifty (50) miles of the assembly point who are unable to return home because of ice storm or flood will be entitled to the benefits of paragraphs (a) and (b).

(d) An employee willing and authorized by management to use his automobile on Carrier business shall be paid \$.22 per mile.

(e) A system gang member whose residence is within fifty (50) miles (via the most direct highway route) of the assembly point, will be allowed at his option either:

(1) A maximum of \$ 25.00 per day expense money to account for meals, lodging (if any), and travel; or

(2) A commuter reimbursement allowance at the rate indicated in (d), above, for actual commuter mileage up to a maximum of 100 miles round trip per day;

provided in either case that the claimed expense is supported by the submission of detailed expense forms accompanied by supporting documentation, and provided further that the employee renders a complete workday of compensated service. The maximum set forth in (e)(1) above shall be increased by \$1.00 on January 1, 1997, and thereafter on each January 1 following the effective date of this Agreement.

(f) System gang members whose assembly point on the last day of the workweek is more than two hundred (200) miles from their residence may elect, in lieu of going home, to spend their rest days, at Carrier expense, at Carrier designated lodging facilities at or near the assembly point while awaiting the beginning of the next workweek. Those system gang members who elect to go home under these circumstances may elect to spend the night before the first workday of the next workweek at said Carrier designated facilities at Carrier expense. To be eligible for the benefits of this paragraph, employees must notify supervision of their election prior to the end of the workweek and must actually stay in the Carrier designated facilities provided for them on the nights elected by them, unless actual and prompt notification is given to supervision of a change in plans.

NOTE: See Agreed to Questions and Answers following **Rule 16—WORK ASSIGNMENTS**, for information pertaining to application of this **Rule 23—EXPENSES** to system gangs.

Note: Following changes added in accordance with **Article III** of the April 7, 2003 Agreement.

Article III – Expenses

(a) **Except for mobile gang members whose residence is within fifty (50) miles of the assembly point, employees required to remain overnight at other than their assigned headquarters, and mobile gang members, will be provided with suitable lodging at the Carrier's expense and with a meal allowance as set forth in (b), below. The Carrier may designate lodging facilities at which employees must stay in order to qualify for Carrier provided lodging.**

(b) **(1) Employees covered by (a), above, will be allowed actual and reasonable cost of meals in the amount of \$ ~~23.00~~ 25.00 (effective 01/01/05) for each day worked. It will not be necessary that supporting documentation be provided in order to be eligible for this allowance. This allowance is subject to future increases as provided for in national agreements, or**

(b) **(2) Employees covered by (a), above, will be allowed actual and reasonable cost of meals subject to a maximum of \$32.00 per day as supported by the submission of detailed expense forms accompanied by supporting documentation.**

If an employee works four (4) hours or more during his/her normal work day and is authorized to be absent from work by the proper authority, then those employees will receive the full amount of per diem. An employee who works less than four (4) hours during his/her normal work day and is authorized to be absent from work by the proper authority will receive fifty percent (50%) of the full amount of per diem for that day.

- (c) **Employees who reside within fifty (50) miles of the assembly point who are unable to return home because of ice storm or flood will be entitled to the benefits of paragraphs (a) and (b).**
- (d) **An employee willing and authorized by management to use his automobile on Carrier business shall be paid the maximum allowable IRS mileage rate currently in effect.**
- (e) **A mobile gang member whose residence is within fifty (50) miles (via the most direct highway route) of the assembly point, will be allowed the per diem allowance described in (b) (1) above provided the employee renders a complete workday of compensated service.**
- (f) **Mobile gang members whose assembly point on the last day of the workweek is more than two hundred (200) miles from their residence may elect, in lieu of going home, to spend their rest days, at Carrier expense, at Carrier-designated lodging facilities at or near the assembly point while awaiting the beginning of the next workweek. Those mobile gang members who elect to go home under these circumstances may elect to spend the night before the first workday of the next workweek at said Carrier-designated facilities at Carrier expense. To be eligible for the benefits of this paragraph, employees must notify supervision of their election prior to the end of the workweek and must actually stay in the Carrier-designated facilities provided for them on the nights elected by them, unless actual and prompt notification is given to supervision of a change in plans.**

NOTE: See Agreed to Questions and Answers following Rule 16-WORK ASSIGNMENTS, for information pertaining to application of this Rule 23-EXPENSES to system gangs.

RULE 24

LEAVE OF ABSENCE

- (a) Except in case of injury or illness, an employee desiring to remain away from service must obtain permission from his immediate supervisor. In case of injury or illness, the employee must notify his immediate supervisor of his condition at the first available opportunity.
- (b) When the requirements of the service permit, employees, on request, will be granted leave of absence not to exceed thirty (30) days. The Carrier may, in its discretion, extend the leave period up to an additional sixty (60) days. A leave of absence in excess of ninety (90) days in any twelve (12) month period shall not be granted unless by agreement between Management and the duly accredited representatives of the employees.
- (c) Except for employees in service for four (4) years or less with the U.S. Armed Forces, an employee who is absent on leave and who engages in other employment shall forfeit his seniority and be considered out of service, unless special arrangements have been made between Management and the General Chairman.
- (d) An employee who fails to report for duty at the expiration of leave of absence shall forfeit his seniority rights, except when failure to report on time is the result of unavoidable delay, in which case the leave will be extended to include such delay.
- (e) Employees desiring to return from leave of absence before the expiration thereof shall be permitted to do so upon forty-eight (48) hours advance written notice to his immediate supervisor, with copy to the General Chairman.
- (f) An employee retired under the disability provisions of the Railroad Retirement Act shall retain seniority

until he attains the age of sixty-five (65) years, but the position vacated by him upon his retirement will be bulletined for permanent appointment, unless abolished. Should he recover sufficiently to resume service prior to attaining the age of sixty-five (65) years, he shall be permitted to exercise seniority over junior employees.

RULE 25

LEAVE OF ABSENCE - EMPLOYEE REPRESENTATIVES

- (a) Duly accredited representatives of employees or employees employed exclusively by the Organization shall be granted leave of absence and may return to their former positions or exercise seniority rights within thirty (30) days after release from such employment.
- (b) Other duly accredited representatives of the employees shall be granted necessary time off (without pay from the Carrier) or leave of absence (without pay from the Carrier) for investigations, consideration and adjustment of grievances, negotiations, to attend meetings of employees, or other matters connected with the interests of the employees.

RULE 26

RETURNING FROM LEAVE

An employee returning after leave of absence shall return to his former position provided it has not been abolished or a senior employee has not exercised displacement rights thereon. Upon return or within ten (10) days thereafter such employee may exercise seniority rights on any position bulletined during such absence. In the event the employee's former position has been abolished or a senior employee has exercised displacement rights thereon, the returning employee will be governed by the provisions of Rule 22 - REDUCING FORCES, and may displace a junior employee if such rights are asserted within ten (10) days after his return. Employees displaced by his return shall have the privilege of exercising seniority rights over junior employees in accordance with Rule 22 - REDUCING FORCES.

NOTE: This rule also applies to an employee reporting for duty after vacation, sickness, disability, suspension or after an absence for any other legitimate cause.

RULE 27

ATTENDING COURT

- (a) Employees taken away from their regular assigned duties at the request of Management to attend court or to appear as witnesses for the Carrier at investigations or hearings will be allowed compensation equal to what would have been earned had such interruption not taken place, and, in addition, actual, reasonable and necessary expenses while away from their headquarters.
- (b) Employees attending court or acting as witnesses for the Carrier at investigations or hearings outside of their assigned hours shall be paid for the time devoted to such attendance a minimum of four (4) hours pay for two (2) hours and forty (40) minutes or less, and at the time and one-half rate on a minute basis thereafter.
- (c) Furloughed employees will be allowed eight (8) hours pay for each day used as witnesses with a minimum of eight (8) hours, based on the minimum rate of pay of the position last held, and, in addition, actual, reasonable and necessary expenses while away from headquarters.
- (d) In the event an employee is held away from home station on rest days or holidays, he shall be allowed a minimum of eight (8) hours pay for each day so held.
- (e) Any fee or mileage allowance received by the employee from the court or other tribunal shall be assigned to the Carrier or such amounts shall be deducted as provided under this Rule.
- (f) Employees failing to attend court or to appear as witnesses for the Carrier at investigations or hearings if

requested to do so may be subject to discipline.

RULE 28

JURY DUTY

When a regularly assigned employee is summoned for jury duty and is required to lose time from his assignment as a result thereof, he shall be paid for actual time lost with a maximum of eight (8) hours pay at the straight time rate of his position for each day lost less the amount allowed him for jury service for each such day, excepting allowances paid by the court for meals, lodging or transportation, subject to the following qualification requirements and limitations:

- (1) An employee must furnish the Carrier with a statement from the court of jury allowances paid and the days on which jury duty was performed.
- (2) The number of days for which jury duty pay shall be paid is limited to a maximum of sixty (60) days in any calendar year.
- (3) No jury duty pay will be allowed for any day as to which the employee is entitled to vacation or holiday pay.
- (4) When an employee is excused from railroad service on account of jury duty, the Carrier shall have the option of determining whether or not the employee's regular position shall be blanked, notwithstanding the provisions of any other rules.
- (5) Except as provided in paragraph (6), an employee will not be required to work on his assignment on days on which jury duty:
 - (a) ends within four (4) hours of the start of his assignment; or
 - (b) is scheduled to begin during the hours of his assignment or within four (4) hours of the beginning or ending of his assignment.
- (6) On any day that an employee is released from jury duty and four (4) or more hours of his work assignment remain, he will immediately inform his supervisor and report for work if advised to do so.

RULE 29

HOLIDAYS

(a) Subject to the qualifying requirements provided herein, each employee shall receive eight (8) hours pay at the applicable rate for each of the following enumerated holidays:

New Year's Day
Fourth of July
Labor Day
Thanksgiving Day
Christmas Eve
Christmas Day

(b) A regularly assigned employee shall qualify for holiday pay if the employee performs at least six (6) hours of compensated service on the workdays immediately preceding and following such holiday or if the employee is not assigned to work but is available for service on such days. If the holiday falls on the last day of a regularly assigned employee's workweek, the first workday following his rest days shall be considered the workday immediately following. If the holiday falls on the first workday of his workweek, the last workday of the preceding workweek shall be considered the workday immediately preceding the holiday.

(c) Any other employee shall qualify for the holiday pay if he has worked at least eleven (11) days in the thirty (30) day period immediately preceding the holiday, and if he is available for service on the workday preceding and the workday following the holiday.

NOTE: When any of the above holidays fall on Sunday the day observed by the Nation shall be considered the holiday. When Christmas Day falls on Sunday and is observed on Monday, then Sunday shall be considered the holiday for Christmas Eve.

NOTE: (Special Holiday Qualifying Provisions)

An employee who meets all other qualifying requirements will qualify for holiday pay for both Christmas Eve and Christmas Day if on the "workday" immediately preceding the Christmas Eve holiday he fulfills the qualifying requirements applicable to the "workday" before the holiday, and on the "workday" immediately following the Christmas day holiday he fulfills the qualifying requirement applicable to the "workday" after the holiday.

An employee who does not qualify for holiday pay for both Christmas Eve and Christmas Day may qualify for holiday pay for either Christmas Eve or Christmas Day under the provision applicable to holidays generally.

(d) When a holiday falls or is observed on any day from Monday through Friday, employees assigned to system gangs (and any territorial gang members having the same work schedule as system gang members per Rule 6(c) who are working a four (4) day workweek will work two (2) eleven (11) hour days and one (1) ten (10) hour day. Such employees will be paid at their regular straight-time hourly rate for the thirty-two (32) hours.

(e) When any of the designated holidays falls on a Tuesday, Wednesday, or Thursday, employees assigned to a system gang working a five (5) day workweek may, at the option of the majority of the employees in the gang and, if agreeable to Management, work on the holiday at their regular straight-time hourly rates and, in lieu of the actual holiday, take Friday or the following Monday as the holiday. In the event work is performed on the day substituted for the holiday, the overtime rate will apply.

RULE 30

VACATION

(a) Qualifying employees will be entitled to vacation in accordance with the following schedule:

After one years service - One (1) week (5 work days)
After two years service - Two (2) weeks (10 work days)
After 10 years service - Three (3) weeks (15 work days)
After 15 years service - Four (4) weeks (20 work days)

An employee's vacation will not be extended by reason of any of the recognized holidays enumerated in Rule 29 - HOLIDAYS.

NOTE: A year in which an employee does not qualify for full vacation benefits, but qualifies for pro-rated vacation, shall count as a year of service for purposes of this paragraph.

(b) Employees will be required to submit vacation requests before December 1 of each year.

Vacation may be taken from January 1st to December 31st of the calendar year following the year in which the vacation is earned. Due regard, consistent with requirements of the service, shall be given to the desires and preferences of the employees in seniority order when fixing dates for their vacations. Vacations may be split in segments of not less than five (5) days, with the exception that one (1), five (5) day segment may be taken one (1) day at a time in accordance with the provisions of RULE 35 (b) - PERSONAL LEAVE DAYS. Representatives of the Carrier and the Organization will cooperate in assigning vacation days.

If an assigned vacation is to be advanced or deferred by Management, the employee will be given as much advance notice as possible; not less than ten (10) days' notice shall be given except when Management determines that emergency conditions prevent such notice.

(c) Without permission of the Vice President - Engineering, employees may not accumulate vacation from year

to year.

(d) Vacation payment to regularly assigned employees will be calculated on the basis of eight (8) hours' pay, at the rate applicable to the assignment, for each day of vacation. Other than regularly assigned employees will be paid on the basis of the average hourly rate paid in the last pay period preceding the vacation in which service was performed.

If an employee cannot be released for vacation and it cannot reasonably be rescheduled, he shall be paid the time and one-half rate for work performed during his vacation period in addition to his regular vacation pay.

(e) Employees must perform one hundred sixty (160) days of compensated service in the ensuing year in any year to qualify for vacation provided under paragraph (a) above. Calendar days on which an employee is on vacation, and calendar days on which an employee is available for service (within the meaning of Rule 22 - REDUCING FORCES) but on which he performs no service (not exceeding thirty (30) such days), will be included in the determination of qualification for vacation. Also, calendar days on which an employee is absent from or unable to perform service because of illness or injury will be included, as follows:

10 days maximum - under 3 years service
20 days maximum - 3 to 14 years service
30 days maximum - 15 or more years service

(f) Employees must perform one hundred sixty (160) days of compensated service in any year to qualify for benefits provided in (a) above. Employees not performing one hundred sixty (160) days' service will be granted vacation pro-rated in proportion to days of compensated service. (Example: With two (2) years accumulated service and eighty (80) days of service in the preceding year,* the employee is eligible for five (5) days vacation. Less than full days are dropped in the calculation.)

*** NOTE: This example contemplates the "preceding year" as earning a vacation for the following year.**

(g) Absences due to vacation shall not be considered as vacancies in applying the Rules of this Agreement.

(h) The vacation provided for in this Agreement shall be considered to have been earned when the employee has qualified under paragraphs (a), (e) and (f) hereof. If an employee's employment status is terminated for any reason whatsoever, including but not limited to retirement, resignation, non-compliance with a union-shop agreement, or failure to return after furlough he shall at the time of such termination be granted full vacation pay earned up to the time he leaves the service and the vacation for the succeeding year if the employee has qualified therefore under paragraphs (a), (e), and (f). If an employee thus entitled to vacation or vacation pay shall die the vacation pay earned and not received shall be paid to such beneficiary as may have been designated, or in the absence of such designation, the surviving spouse or children or his estate, in that order of preference.

(i) Former employees of the Illinois Central Gulf who entered the service of the Chicago, Missouri & Western Railway Company within thirty (30) days of the date of commencement of its operations and who have continuous service with the ICG, CMW and the Carrier shall be given credit for ICG and CMW service in applying the schedule in paragraph (a) and the qualification requirements in paragraphs (e) and (f). Former ICG employees having twenty-five (25) or more years continuous service with ICG, CMW and the Carrier will be qualified for an annual vacation of five (5) weeks (25 work days).

RULE 31

HEALTH AND WELFARE

(a) ~~The Carrier shall provide each employee and their eligible dependents a level of hospital, surgical, medical, prescription, life and dental benefits as provided by the Carrier immediately prior to the effective date of this Agreement, subject to the plan changes outlined below. The terms and conditions of the Plan are made a part hereof to the same extent as if included herein. The benefits provided under the Plan shall become effective on the effective date of this Agreement or as soon as practicable thereafter.~~

(b) ~~The Carrier shall furnish each employee a booklet outlining the benefits under the Plan at no cost to the employee.~~

(c) ~~The Carrier shall remit necessary premiums to the insurance Carrier as may be required to maintain the Plan with the exception that each employee shall be required to make a maximum contribution to the Carrier in the amount of thirty two dollars (\$32.00) per month.~~

~~(d) The monthly contribution for active employees shall be made through payroll deduction. The monthly contribution for eligible inactive employees shall be paid directly to the Carrier by money order or certified check.~~

~~(e) Individual and family deductibles will be \$150.00 and \$400.00 respectively. Maximum yearly out-of-pocket expenses will be \$1500.00 and \$2500.00, plus deductible for individual and family respectively.~~

~~(f) The Carrier will establish a Medical Bonus Program whereby fifty (50) percent of an employee's premium contribution during the calendar year will be repaid to such employee as a cash bonus, provided the employee and/or his family do not file any medical claims during that calendar year.~~

~~(g) Beginning with the effective date of this Agreement or as soon as practicable thereafter, the Carrier may offer optional health and welfare plans. Qualifying employees will have the option of selecting from among the plans. To the extent that the Carrier is able to find and offer a lower cost Health Maintenance Organization (HMO) or Preferred Provided Organization (PPO), or similar arrangement, and the monthly cost to the Carrier is at least \$32.00 per month per employee less than the standard indemnity plan, the plan will be made available to employees at no cost (the employees monthly contribution of \$32.00 will be waived). The current HMO plan offered to employees through MetraHealth is an example of such a qualified low cost plan per the requirements of this rule. Employees may choose among the plans annually.~~

(h) Employees who retire subsequent to the date of this Agreement may continue the present level of benefits for themselves and their dependents by paying the current employee's contribution rate until age sixty-five (65). When these employees or their dependents reach age sixty-five (65), they must convert to the Blue Cross Blue Shield Medicare Supplement Policy described in paragraph (i) below.

(i) The following paragraphs describe the Supplemental Policy arrangements available to those employees and their dependents who retire after the date of this Agreement and who are eligible to enroll in Medicare coverage.

The Carrier will provide a Blue Cross Blue Shield Medicare Supplement Policy. The benefits will be as described in the Blue Cross Blue Shield Medicare Supplement Policies for the States of Missouri and Illinois. The retiree will select which plan he or she desires.

The Carrier will provide thirty-five dollars (\$35.00) toward the premium cost and the retiree will contribute the balance of the premium cost, based upon the schedule described in Attachment A.

The Carrier will protect the retiree from any premium increase that exceeds five (5) percent, per annum.

Note: Following changes added in accordance with Article IV of the April 7, 2003 Agreement.

Article IV– Health & Welfare

Effective January 1, 2001, employees will be covered by the Railroad Employees National Health and Welfare Plan (Articles V, VI, VII, IX and X) as amended below by the Mediation Agreement dated September 26, 1996, between the Carriers represented by the National Carriers' Conference Committee and employees of such railroads represented by the Brotherhood of Maintenance of Way Employees.

Further, the parties agree that the amendments to the Railroad Employees National Health and Welfare Plan contained in the May 31, 2001 BMW National Agreement will also be applicable.

Any former Gateway Western employee, retiree, who is currently covered under the Gateway Western health & welfare plan will convert to coverage under the National Health and Welfare Plan pursuant to the provisions of this Article.

RULE 32

DISCIPLINARY PROCEDURE

(a) Except as provided for in Rule 12 - Seniority Datum, employees in service more than sixty (60) calendar days shall not be disciplined or dismissed until after a fair and impartial investigation, unless they shall accept discipline to be assessed (other than dismissal) in writing and waive formal investigation. Employees may, however, in cases of intoxicants, misappropriation of Company property, insubordination, or vicious conduct, etc. be held out of service pending such investigation.

(b) An employee charged with an offense shall be furnished with a letter stating the precise charge or charges against him. No charge shall be made that involves any matter of which the employing officer has had knowledge

fifteen (15) days or more, except that in cases where an employee is subject to trial in the courts, the employing officer may, if he elects, withhold making a charge on the offense for which the employee is tried until not more than fifteen (15) days after the court's determination of the employee's innocence or guilt.

(c) The investigation shall be held within ten (10) days from the date or the notice of the alleged offense, unless additional time is requested by the Company, employee, or his representative. A decision will be rendered within ten (10) days after completion of the investigation.

(d) Investigations shall be held when possible at the home terminal of the employee involved, unless otherwise agreed between representatives of the parties. Employees shall have a reasonable opportunity to secure the presence of representatives and/or necessary witnesses.

(e) Employees may be accompanied by one or more duly accredited representatives of the Organization, who shall be permitted to be present during the entire investigation and ask questions as might develop facts pertinent to the case.

(f) If disciplinary action is taken, a record of the evidence taken at the investigation will be furnished to the employee and his duly accredited representative. Appeals from the decision may be made in accordance with the provisions of Rule 33 - GRIEVANCE PROCEDURE., except that four (4) months shall apply instead of the nine (9) month period.

(g) If charges against the employee are not sustained, they shall be stricken from the records. If withheld from service, suspended, or discharged, the employee shall be returned to service and paid for all time lost, less any amount earned in other employment.

RULE 33

GRIEVANCE PROCEDURE

(a) All claims or grievances must be presented in writing by or on behalf of the employee involved, to the officer of the Carrier authorized to receive same, within sixty (60) days from the date of the occurrence on which the claim or grievance is based. If not filed within this time limit, the claim or grievance shall be considered as "waived" and may not be processed or considered further. Should any such claim or grievance be disallowed, the Carrier shall, within sixty (60) days from the date same is filed, notify whoever filed the claim or grievance (the employee or his duly accredited representative) in writing of the reasons for such disallowance. If not so notified, the claim or grievance shall be allowed as presented, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed, such appeal must be in writing and must be taken within sixty (60) days from receipt of notice of disallowance, and the representative of the Carrier shall be notified in writing within that time of the rejection of his decision. Failing to comply with this provision, the matter shall be considered closed, but this shall not be considered as a precedent or waiver of the contentions of the employee as to other similar claims or grievances. It is understood, however, that the parties may, by agreement, at any stage of the handling of a claim or grievance on the property, extend the sixty (60) day period for either a decision or appeal, up to and including the highest officer of the Carrier designated for that purpose.

(c) The requirements outlined in paragraphs (a) and (b), pertaining to appeal by the employee and decision by the Carrier, shall govern in appeals taken to each succeeding officer, except in cases of appeal from the decision of the highest officer designated by the Carrier to handle such disputes. All claims or grievances involved in a decision by the highest designated officer shall be barred unless within nine (9) months from the date of said officer's decision, proceedings are instituted by the employee or his duly authorized representative before the appropriate division of the National Railroad Adjustment Board or a system, group or regional board of adjustment that has been agreed to by the parties hereto as provided in Section 3, Second of the Railway Labor Act. It is understood, however, that the parties may by agreement in any particular case extend the nine (9) month period herein referred to.

(d) A claim may be filed at any time for an alleged continuing violation of any agreement and all rights of the claimant or claimants involved thereby shall, under this rule, be fully protected by the filing of one claim or

grievance based thereon as long as such alleged violation, if found to be such, continues. However, no monetary claim shall be allowed retroactively for more than sixty (60) days prior to the filing thereof. With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice of request for reinstatement with pay for time lost shall be sufficient.

(e) This rule recognizes the right of representatives of the Brotherhood to file and prosecute claims and grievances for and on behalf of the employees it represents.

(f) This agreement is not intended to deny the right of the employees to use any other lawful action for the settlement of claims or grievances provided such action is instituted within nine (9) months of the date of the decision of the highest designated officer of the Carrier.

(g) Discipline imposed and agreed to in accordance with Rule 32(a) shall be final with no right of appeal.

(h) This rule shall not apply to requests for leniency.

(i) The time limits specified in this Rule may be extended by agreement in writing or confirmed in writing between the parties.

RULE 34

DULY ACCREDITED REPRESENTATIVE

Where the term "duly accredited representative" appears in this Agreement, it shall be understood to mean the regularly constituted committee and/or the officers of the Brotherhood of Maintenance of Way Employees of which such committee or officers is a part.

RULE 35

PERSONAL LEAVE DAYS

(a) Effective with the first full calendar year (January 1 - December 31) after commencement of operations, the Carrier shall provide each employee six (6) paid personal leave days in each calendar year, to be compensated on the basis of eight (8) hours' pay, at the rate of last service performed, for each personal leave day.

(b) Personal leave day or days may be taken upon forty-eight (48) hours advance notice to the proper officer of the Carrier, subject to the Carrier's service requirement. If employees are not permitted to take one (1) or more personal leave days during the calendar year, each such day shall be paid at the rate, specified in (a), above, during the month of January of the following year,

(c) Personal leave days granted herein must be taken within the calendar year with respect to which such day or days are earned.

(d) Employees taking personal leave days will not thereby be disqualified for holiday pay or health incentive pay, except that a personal leave day taken immediately prior to or after the holiday shall not qualify as a "workday" for purposes of meeting the qualification requirements of Rule 29 - HOLIDAYS.

(e) A new employee who is hired during the calendar year will receive personal leave days in the following prorated manner for the calendar year in which he is hired:

January-February	6
March-April	5
May-June	4
July-August	3
September-October	2
November-December	0

AGREED TO QUESTION AND ANSWER

Question: Monday is a holiday. The employee takes the preceding Friday, with Carrier permission, as a personal leave day. What are the qualifying requirements?

Answer: The employee must work (at least 6 hours) on the Thursday immediately preceding the personal leave day and on Tuesday (the day after the holiday), assuming that both such days are scheduled work days for the employee.

RULE 36

COPY OF AGREEMENT

The Carrier shall provide employees with a copy of this Agreement and amendments thereto without cost, and employees will acknowledge receipt in writing.

RULE 37

BEREAVEMENT LEAVE

(a) Bereavement leave, not in excess of three (3) calendar days, following the date of death will be allowed in case of death of an employee's brother, sister, parent, child, stepchild, spouse or spouse's parent. In such cases, eight (8) hours pay at the rate of the last service rendered will be allowed for the number of working days lost during bereavement leave. Employees involved will make provision for taking leave with their supervising officials in the usual manner.

AGREED TO QUESTIONS AND ANSWERS

Q. 1: How are the three calendar days to be determined?

A. 1: An employee will have the following options in deciding when to take bereavement leave:

- (a) three (3) consecutive calendar days, commencing with the day of death, when the death occurs prior to the time an employee is scheduled to report for duty;
- (b) three (3) consecutive calendar days, ending the day of the funeral service; or
- (c) three (3) consecutive calendar days, ending the day following the funeral service.

Q. 2: Does the three (3) calendar days allowance pertain to each separate instance, or do the three (3) calendar days refer to a total of all instances?

A. 2: Three (3) days for each separate death; however, there is no pyramiding where a second death occurs within the three (3) day period covered by the first death.

Example: Employee has a work week of Monday to Friday, with off-days of Saturday and Sunday. His mother dies on Monday and his father dies on Tuesday. At the maximum, the employee would be eligible for bereavement leave on Tuesday, Wednesday, Thursday and Friday.

Q. 3: Will a day on which eight (8) hours' pay is allowed account bereavement leave serve as a qualifying day for holiday pay purposes?

A. 3: No; however, the parties are in accord that bereavement leave non-availability should be considered the same as vacation non-availability and that the first work day preceding or following the employee's bereavement leave, as the case may be, should be considered as the qualifying day for holiday purposes.

Q. 4: Would an employee be entitled to bereavement leave in connection with the death of a half-

brother or half-sister, stepbrother or stepsister, stepparents or stepchildren?

- A. 4: Yes as to half-brother, half-sister or stepchild, no as to stepbrother, stepsister or stepparents. However, the rule is applicable to a family relationship covered by the rule through the legal adoption process.
- Q. 5: Would bereavement leave be applicable during an employee's vacation period?
- A. 5: No.
- Q. 6: An employee qualifies for holiday pay on a holiday which occurs on a day the employee also qualifies for bereavement leave pay. Under these circumstances, is the employee entitled to be paid both the holiday and bereavement leave allowance?
- A. 6: No. The employee would be entitled to only one basic day's pay.

RULE 38

COST-OF-LIVING ADJUSTMENTS

(a) ~~Effective January 1, 1996 and on January 1 of each calendar year thereafter, the Carrier shall provide a cost-of-living adjustment produced under the Consumer Price Index for Urban Wage Earners and Clerical Workers - All Cities (1982-84 = 100) as published by the Bureau of Labor Statistics, U.S. Department of Labor. The maximum upward cost-of-living adjustment of each employee's straight-time hourly rate of pay shall be five (5) percent per annum. Cost-of-living adjustments shall be based on the change in the BLS Consumer Price Index during the Measurement Periods as indicated in the following example for the first adjustment:~~

<u>Measurement Periods</u>	<u>Effective Date</u>	
<u>Base Month</u>	<u>Measurement Month</u>	<u>of Adjustment</u>
(1)	(2)	(3)
September, 1994	September, 1995	January 1, 1996

(b) ~~Formula: The number of points change in the BLS Consumer Price Index during a Measurement Period will be converted into cents on the basis of one (1) cent equals 0.3 full point. (By "0.3 full point" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion will not be counted.)~~

(c) ~~The cost-of-living wage adjustments shall apply to the hourly rate of pay, overtime, and to all other wage allowances (except bonuses) in the same manner as basic wage adjustments would apply.~~

(d) ~~The cost-of-living wage adjustments provided for herein shall be rolled in and made a permanent part of the rates of pay on December 31 of each calendar year, commencing January 1, 1996.~~

Note: Following changes added in accordance with the April 7, 2003 Agreement.

Section 4 – Conversion to National Agreement Wage Adjustments

It is the intent of this agreement to allow rates of pay for former Gateway (GWWR) job classifications to converge with the average rate of pay applicable to the same job classification on the Kansas City Southern (KCS). Effective July 1, 2005 and thereafter, the May 31, 2001, BMW National Agreement cost-of-living adjustments and offsets will apply.

RULE 39

SUBCONTRACTING

(a) The Carrier may contract out maintenance of way work (except that of bridge tender positions) without serving notice as provided in paragraph (b) below, as long as the Carrier maintains a sufficient number of maintenance of way positions, as described in the provisions of subparagraph (1) below. However, in the event the work force falls below the required number of maintenance of way positions for a period of sixty (60) consecutive calendar days, the provisions in paragraphs (b) and (c) below will become effective until such time as the number of maintenance of way positions is again equal to or greater than the required number.

NOTE: It is understood that nothing in this Agreement precludes the Carrier from remote controlling bridges and reassigning bridge tenders in accordance with the rules.

It is further understood that the sixty (60) day period referred to above is intended to allow the Carrier sufficient time to fill positions with qualified applicants.

(1) The intent of paragraph (a) is to afford an element of protection to certain employees appearing on maintenance of way rosters as of the effective date of this Agreement. The required number of maintenance of way positions necessary to afford the intended protection shall be established at thirty-three (33) and will include at least six (6) foremen, eight (8) heavy machine operators, one (1) welder and one (1) mechanic. These positions shall be subject to future adjustment as follows:

(i) The thirty-three (33) positions required by this rule shall be subject to reduction on an attrition basis to no less than twenty-nine (29) positions. As each employee who, as of the effective date of this Agreement, is active in a maintenance of way position covered by this Agreement retires, resigns, dies, becomes disabled or whose employment in the maintenance of way craft is otherwise terminated, the number of maintenance of way positions required shall be reduced by one (1), subject to the twenty-nine (29) position minimum.

(ii) The number of required positions shall also be reduced in the event an active employee whose name appears on the maintenance of way roster as of the effective date of this Agreement assumes or remains in voluntary furlough status pursuant to Rule 22. For each such employee who assumes or remains in voluntary furlough status when there are positions available, the number of maintenance of way positions required shall be reduced by one (1), and such reductions shall not be subject to the twenty-nine (29) position minimum referenced above.

(iii) The number of required positions may be subject to increase (up to a maximum of six (6) additional positions) in the event any or all of the six (6) rostered employees who currently occupy management positions are terminated from such positions and forced to exercise their seniority to positions covered by this Agreement. For each such employee so terminated who exercises his seniority to a maintenance of way position, the number of required maintenance of way positions in effect at that time shall be increased by one (1).

(b) In the event the Carrier plans to contract out work not otherwise permitted by paragraph (a) above, it shall notify the General Chairman in writing as far in advance of the date of the contracting transaction as is practicable and in any event, not less than fifteen (15) days prior thereto. Such notification shall clearly set forth a description of the work to be performed and the basis on which the Carrier has determined it is necessary to contract out such work.

(c) If the General Chairman, or his representative, requests a meeting to discuss matters relating to the said contracting transaction, the Designated Carrier Officer shall promptly meet with him for that purpose and the parties shall make a good faith effort to reach an agreement setting forth the manner in which the work will be performed. If no agreement is reached, the Carrier may nevertheless proceed with said contracting and the Organization may file and progress claims in connection therewith.

(d) Nothing herein contained shall be construed as restricting the right of the Carrier to have work customarily performed by employees included within the Scope of the Agreement from being performed by contract in emergencies that prevent the movement of traffic when additional force or equipment is required to clear up such emergency condition in the shortest time possible. In such instances, the Carrier shall promptly notify the General Chairman of the work to be contracted and the reasons therefor, same to be confirmed in writing within (15) days of the date that such work commences.

RULE 40

MACHINES

When the Carrier requires an employee to use mechanical devices and other equipment and supplies (other than personal, hand-held tools) in the performance of service for the Carrier, said articles shall be furnished and maintained by the Carrier without expense to the employee.

RULE 41

WATER AND ICE

The Carrier will furnish employees with an adequate supply of water while on duty. During hot weather months (generally, April 1 through October 31), ice or another method of keeping water cool will be provided to employees.

RULE 42

GENERAL WAGE INCREASES

- (a) ~~Effective July 1, 1995, all basic rates of pay in effect on June 30, 1995, shall each be increased by three (3) percent.~~
- (b) ~~Effective July 1, 1996, all basic rates of pay in effect on June 30, 1996, shall each be increased by three (3) percent.~~
- (c) ~~Effective July 1, 1998, all basic rates of pay in effect on June 30, 1998, shall each be increased by three (3) percent.~~
- (d) ~~In determining new hourly or minute rates, fractions of a cent shall be disposed of by applying the next higher quarter of a cent.~~

Note: Following changes added in accordance with Article I of the April 7, 2003 Agreement.

Section 3 – Third General Wage Increase

On January 1, 2005, hourly rates of pay of positions covered by this agreement will be increased as described herein. The hourly rate of pay for each such position shall be increased by the amount needed to equalize such rate of pay with the average hourly rate of pay applicable as of that date to the same job classification on the KCS. Concurrently, Rule 43-Rate Maintenance, is eliminated.

RULE 43

RATE MAINTENANCE

~~Former Illinois Central Gulf employees who entered the service of the Chicago Missouri and Western Railway Company (CMW) on the date operations commenced on the CMW or within thirty (30) days thereafter, and who have been continuously employed by GWR (listed on the attached Appendix 6) shall receive not less than ninety percent (90%) of the applicable rates set forth in Appendix 6, provided in each case that the employee continues to occupy a position which is in the same pay class that his position fell in at the time of initial employment with CMW. If the employee voluntarily occupies a position in a lower pay class, then his pay scale shall be reduced proportionately, or he shall receive the rate for the class as set forth in Appendix 1, whichever is greater. If through action of the Carrier or by operation of the Agreement, an employee is forced to accept a position in a lower rated class, he shall continue to maintain his rate at a level not less than he received at the time of initial employment with CMW; however, an employee shall be expected to exercise his seniority so as to accept the highest position available to him (other than one requiring a change in headquarters point) in order to be entitled to the benefit of this rate maintenance provision. The parties agree that the foregoing does not restrict the right of the GWR to reduce forces or discharge employees as provided for in this Agreement.~~

EFFECTIVE DATE AND TERM OF AGREEMENT

- (a) ~~This Agreement shall become effective on _____, except where expressly provided otherwise, and shall remain in effect until and unless changed under the provisions of the Railway Labor Act, as amended, or by mutual consent of the parties signatory hereto.~~
- (b) ~~The parties signatory hereto shall not serve nor progress prior to January 1, 1999, (not to become effective prior to July 1, 1999) any notice or proposal for changing any provision contained herein, or which deals with matters presented by the parties during negotiations, and any proposals in pending notices relating to such subject matters are hereby withdrawn.~~
- (c) ~~The provisions under paragraph (b) above shall not bar the Carrier and the Organization from agreeing upon any subject of mutual interest.~~
- (d) The parties to this Agreement understand and agree that all Agreements, Letters of Understanding, Side Letters and Memorandums in effect will remain in full force and effect subject to its terms unless specifically incorporated into, changed and/or modified by this Agreement.

Signed this ____ day of _____, 1996, at Fairview Heights, IL.

FOR THE BROTHERHOOD OF _____ FOR GATEWAY WESTERN
MAINTENANCE OF WAY EMPLOYEES: _____ RAILWAY COMPANY:

President

Vice President, Engineering

General Chairman

Note: Following changes added in accordance with Article IX of the April 7, 2003 Agreement.

Article IX – Moratorium

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement, and to settle the disputes growing out of the notice dated July 12, 1999. This Agreement shall remain in effect through December 31, 2005 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(b) Neither party to this Agreement shall serve, prior to November 1, 2005 (not to become effective before January 1, 2006) any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties, and any proposals in pending notices related to such subject matters are hereby withdrawn.

(c) This Article will not bar management and the organization from agreeing upon any subject of mutual interest.

Signed at Kansas City, MO _____ this 7th day of April 2003 .

For the Organization:

For the Carrier:

(Original signature not reproduced)
H. J. Granier
General Chairman

(Original signature not reproduced)
Kathleen A. Alexander
Director – Labor Relations

(Original signature not reproduced)
E. R. Spears
Vice President

(Original signature not reproduced)
Emerson M. Bouchard
Vice President – Labor Relations

APPENDIX - 1

Agreement Positions - Maintenance-of-Way

<u>Position</u>	<u>Pay Class</u>	<u>Hour</u>	<u>Rate Per</u>
Track Foreman	V		\$15.84
Bridge & Building Foreman	V		\$15.84
Road Equipment Mechanic	V		\$15.84
Welder	V		\$15.84
Assistant Foreman	IV		\$14.60
Bridge Tender	IV		\$14.60
Bridge & Building Tradesman	IV		\$14.60
Heavy Machine Operator (HMO)	IV		\$14.60
Light Machine Operator (LMO)	III		\$13.65
Track/Bridge & Building Laborer	III		\$13.65
Welder Helper	III		\$13.65

(Rates shown are effective July 1, 1996, and incorporate the 3% increases effective July 1, 1995 and July 1, 1996, and the \$.12 per hour COLA effective January 1, 1996.)

Note: Following changes added in accordance with Article I of the April 7, 2003 Agreement.

Effective with the first day of the month following ratification and signature of the tentative agreement, pay classes would be eliminated and applicable hourly rates of pay would be adjusted as follows:

<u>Position</u>	<u>Pay Class</u>	<u>COLA each January</u>			<u>1/3</u>	<u>½ the difference</u>	<u>Equalization!</u>
		<u>.15</u>	<u>.19</u>	<u>.15</u>			
		<u>01/01/00</u>	<u>01/01/01</u>	<u>01/01/02</u>	<u>04/01/03</u>	<u>01/01/04</u>	<u>01/01/05</u>
Track Foreman	V	\$16.79	16.98	17.13	17.7234	18.4572	19.32
Welder	V	\$16.79	16.98	17.13	17.7526	18.5002	19.37
Road Equipment Mechanic	V	\$16.79	16.98	17.13	17.6479	18.2908	19.0637
Assistant Foreman	IV	\$15.51	15.70	15.85	16.8549	17.9849	18.813
Heavy Machine Operator (HMO)	IV	\$15.51	15.70	15.85	16.8661	18.0072	19.2783
Welder Helper	III	\$14.53	14.72	14.87	15.7226	16.7002	17.8078
Track Laborer/ Light Machine Op (LMO)	III	\$14.53	14.72	14.87	15.5397	16.3344	17.259
Bridge & Building Foreman	V	\$16.79	16.98	17.13	19.23294		
Bridge & Building Tradesman/Mechanic	IV	\$15.51	15.70	15.85	17.91392		
Bridge & Building Laborer/Helper	III	\$14.53	14.72	14.87	17.23104		17.36104
Bridge Tender	IV	\$15.51	15.70	15.85	16.1930	16.661	17.259

Consistent with the other provisions of this Agreement, employees included within the Scope of this Agreement shall perform all work in connection with the construction, maintenance, repair and dismantling of tracks, roadbeds, structures, facilities and appurtenances related thereto, located on the right-of- way and used in the operation of the Carrier in the performance of common Carrier service.

NOTE: For purposes of establishing pay class, a "heavy machine" is one used for installation or removal of track components which is incapable of being placed on or removed quickly from the track without mechanical aid. The term " heavy machine" also includes off-track machines such as dozers, front-end loaders,

motor graders, backhoes, earth-moving equipment, etc. A heavy machine normally is equipped with a seat.

A "light machine" is one which can be placed on or removed quickly from the track without mechanical aid, such as a bolt machine or a rail saw. A "light machine" is any machine other than a heavy machine.

Note: Following changes added in accordance with Article II and Article VII of the April 7, 2003 Agreement.

Article II – Optional Alternative Compensation Program

Section 1

A carrier may offer employees, by notice addressed to their designated representative(s), alternative compensation arrangements. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401 (k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that no carrier may be compelled to offer any alternative compensation arrangement, and conversely, the organization cannot be compelled to agree to any carrier proposal made under this Article.

Article VII – Direct Deposit

Employees will be paid on the 15th and 30th of each month. All payments will be made by direct deposit with the Carriers' direct deposit program outlined in Attachment A to this agreement.

APPENDIX 2

DESCRIPTION OF RAIL LINE

<u>Kansas City Line</u>	<u>Approx. Miles</u>
KC Jct. (AI) 187.83 to Murrayville (AI) 221.71	33.83
Jacksonville (AD) 216.28 to Murrayville (AD) 226.76	10.48
Murrayville (AD) 226.76 to Roodhouse (AD) 240.00	13.23
Roodhouse (AD) 240.00 to IL/MO Line (AD) 274.49	34.49
IL/MO Line (AD) 274.49 to Slater (AD) 393.00	118.49
Slater (AD) 393.00 to Kansas City MP (AD) 488.02	95.02
Godfrey (AG) 27.90 to Roodhouse (AG) 68.10	40.07
Mexico (AE) 0.04 to (AE) 0.18	0.14
Mexico (AE) 0.19 to Fulton, MO (AE) 24.25	24.06

APPENDIX 3

UNION SHOP AGREEMENT

Section 1.

In accordance with and subject to the terms and conditions hereinafter set forth, all employees of the Carrier now or hereafter subject to the Rules and Working Conditions Agreements between the parties hereto, except as hereinafter provided, shall, as a condition of their continued employment subject to such agreements, become members of the Organization party to this agreement within sixty (60) calendar days of the date they first perform compensated service as such employees after the effective date of this agreement, and thereafter shall maintain membership in such Organization; except that such membership shall not be required of any individual until he has performed compensated service on thirty (30) days within a period of twelve (12) consecutive calendar months. Nothing in this agreement shall alter, enlarge or otherwise change the coverage of the present or future Rules and Working Conditions Agreements.

Section 2. (Not Applicable)

Section 3.

(a) Employees who retain seniority under the Rules and Working Conditions Agreements governing their class or craft and who are regularly assigned or transferred to full time employment not covered by such agreements, or who, for a period of thirty (30) days or more, are (1) furloughed on account of force reduction, or (2) on leave of absence, or (3) absent on account of sickness or disability, will not be required to maintain membership as provided in Section 1 of this agreement so long as they remain in such other employment or furloughed or absent as herein provided, but they may do so at their option. Should such employees return to any service covered by the said Rules and Working Conditions Agreements and continue therein thirty (30) calendar days or more, irrespective of the number of days actually worked during that period, they shall, as a condition of their continued employment subject to such Agreements, be required to become and remain members of the Organization representing their class or craft within thirty-five (35) calendar days from date of their return to such service.

(b) The seniority status and rights of employees furloughed to serve in the Armed Forces or granted leaves of absence to engage in studies under an educational aid program sponsored by the federal government or a state government for the benefit of ex-servicemen shall not be terminated by reason of any of the provisions of this agreement but such employees shall, upon resumption of employment, be considered as new employees for the purposes of applying this Agreement.

(c) Employees who retain seniority under the Rules and Working Conditions Agreements governing their class or craft and who, for reasons other than those specified in subsections (a) and (b) of this section, are not in service covered by such Agreements, or leave such service, will not be required to maintain membership as provided in Section 1 of this agreement so long as they are not in service covered by such Agreements, but they may do so at their option. Should such employees return to any service covered by the said Rules and Working Conditions Agreements they shall, as a condition of their continued employment, be required, from the date of return to such service, to become and remain members in the Organization representing their class or craft.

(d) Employees who retain seniority under the Rules and Working Conditions Agreements of their class or craft, who are members of an Organization signatory hereto representing Working Conditions Agreement of that class or craft temporarily performing work in another class of service shall not be required to be members of another Organization party hereto whose agreement covers the other class of service until the date the employees hold regularly assigned positions within the scope of the agreement covering such other class of service.

Section 4.

Nothing in this Agreement shall require an employee to become or to remain a member of the Organization if such membership is not available to such employee upon the same terms and conditions as are generally applicable to any other member, or if the membership of such employee is denied or terminated for any reason other than the failure of the employee to tender the periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership. For purposes of this agreement, dues, fees, and assessments, shall be deemed to be "uniformly required" if they are required of all employees in the same status at the same time in the same organizational unit.

Section 5.

(a) Each employee covered by the provisions of this Agreement shall be considered by a Carrier to have met the requirements of the Agreement unless and until the Carrier is advised to the contrary in writing by the Organization. The Organization will notify the Carrier in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by

receipt, of any employee who it is alleged has failed to comply with the terms of this Agreement and who the Organization therefore claims is not entitled to continue in employment subject to the Rules and Working Conditions Agreement. The form of notice to be used shall be agreed upon by the Carrier and the Organizations involved and the form shall make provision for specifying the reasons for the allegation of non-compliance. Upon receipt of such notice, the Carrier will within ten (10) calendar days of such receipt, so notify the employee concerned in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. Copy of such notice to the employee shall be given the Organization. An employee so notified who disputes the fact that he has failed to comply with the terms of this agreement, shall within a period of ten (10) calendar days from the date of receipt of such notice, request the Carrier in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, to accord him a hearing. Upon receipt of such request the Carrier shall set a date for hearing which shall be held within ten (10) calendar days of the date of receipt of request therefor. Notice of the date set for hearing shall be promptly given the employee in writing with copy to the Organization, by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. A representative of the Organization shall attend and participate in the hearing. The receipt by the Carrier of the request for a hearing shall operate to stay action on the termination of employment until the hearing is held and the decision of the Carrier is rendered.

In the event the employee concerned does not request a hearing as provided herein, the Carrier shall proceed to terminate his seniority and employment under the Rules and Working Conditions Agreement not later than thirty (30) calendar days from receipt of the above described notice from the Organization, unless the Carrier and the Organization agree otherwise in writing.

(b) The Carrier shall determine on the basis of the evidence produced at the hearing whether or not the employee has complied with the terms of this Agreement and shall render a decision within twenty (20) calendar days from the date that the hearing is closed, and the employee and the Organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested.

If the decision is that the employee has not complied with the terms of this Agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty (20) calendar days of the date of said decision except as hereinafter provided or unless the Carrier and the Organization agree otherwise in writing.

If the decision is not satisfactory to the employee or to the Organization it may be appealed in writing, by Registered or Certified Mail, Return Receipt Requested, directly to the highest officer of the Carrier designated to handle appeals under this Agreement. Such appeals must be received by such officer within ten (10) calendar days of the date of the decision appealed from and shall operate to stay action on the termination of seniority and employment, until the decision on appeal is rendered, the Carrier shall promptly notify the other party in writing of any such appeal by Registered or Certified Mail, Return Receipt Requested. The decision on such appeal shall be rendered within twenty (20) calendar days of the date the notice to appeal is received, and the employee and the Organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested.

If the decision on such appeal is that the employee has not complied with the terms of this Agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty (20) calendar days of the date of said decision unless selection of a neutral is requested as provided below, or unless the Carrier and the Organization agree otherwise in writing. The decision on appeal shall be final and binding unless within ten (10) calendar days from the date of the decision the Organization or the employee involved requests the selection of a neutral person to decide the dispute as provided in Section 4(c) below. Any request for selection of a neutral person as provided in Section 4(c) below shall operate to stay action on the termination of seniority and employment until not more than ten (10) calendar days from the date decision is rendered by the neutral person.

(c) If within ten (10) calendar days after the date of a decision on appeal by the highest officer of the Carrier designated to handle appeals under this Agreement the Organization or the employee involved requests such highest officer in writing by Registered or Certified Mail, Return Receipt Requested, that a neutral be appointed to decide the dispute, a neutral person to act as sole arbitrator to decide the dispute shall be selected by the highest officer of the Carrier designated to handle appeals under this Agreement or his designated representative, the Chief Executive of the Organization or his designated representative, and the employee involved or his representative. If they are unable to agree upon the selection of a neutral person any one of them may request the Chairman of the National Mediation Board in writing to appoint such neutral. The Carrier, the Organization and the employee involved shall have the right to appear and present evidence at a hearing before such neutral arbitrator. Any decision by such neutral arbitrator shall be made within thirty (30) calendar days from the date of receipt of the request for his appointment and shall be final and binding upon the parties. The Carrier, the employee, and the Organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested. If the position of the employee is sustained, the fees, salary and expenses of the neutral arbitrator shall be borne in equal shares by the Carrier and the Organization; if the employee's position is not sustained. such fees, salary and expenses shall be borne in equal shares by the Carrier, the Organization and the employee.

(d) The time periods specified in this Section may be extended in individual cases by written agreement between the Carrier and

Organization.

(e) Provisions of investigation and discipline rules contained in the Rules and Working Conditions Agreement between the Carrier and the Organization will not apply to cases arising under this agreement.

(f) The General Chairman of the Organization shall notify the Carrier in writing of the title(s) and address(es) of its representatives who are authorized to serve and receive the notices described in this Agreement. The Carrier shall notify the General Chairman of the Organization in writing of the title(s) and address(es) of its representatives who are authorized to receive and serve the notices described in this Agreement.

(g) In computing the time periods specified in this Agreement, the date on which a notice is received or decision rendered shall not be counted.

Section 6.

Other provisions of this Agreement to the contrary notwithstanding, the Carrier shall not be required to terminate the employment of an employee until such time as a qualified replacement is available. The Carrier may not, however, retain such employee in service under the provisions of this section for a period in excess of sixty (60) calendar days from the date of the last decision rendered under the provisions of Section 4, or ninety (90) calendar days from date of receipt of notice from the Organization in cases where the employee does not request a hearing. The employee whose employment is extended under the provisions of this section shall not, during such extension, retain or acquire any seniority rights. The position will be advertised as vacant under the bulletining rules of the respective agreements but the employee may remain on the position held at the time of the last decision, or at the date of receipt of notice where no hearing is requested pending the assignment of the successful applicant, unless displaced or unless the position is abolished. The above periods may be extended by agreement between the Carrier and the Organization involved.

Section 7.

An employee whose seniority and employment under the Rules and Working Conditions Agreement is terminated pursuant to the provisions of this Agreement or whose employment is extended under Section 5 shall have no time or money claims by reason thereof.

If the final determination under Section 4 of this Agreement is that an employee's seniority and employment in a craft or class shall be terminated, no liability against the Carrier in favor of the Organization or other employees based upon an alleged violation, mis-application or non-compliance with any part of this Agreement shall arise or accrue during the period up to the expiration of the sixty (60) or ninety (90) day periods specified in Section 5, or while such determination may be stayed by a court, or while a discharged employee may be restored to service pursuant to judicial determination. During such periods, no provision of any other agreement between the parties hereto shall be used as the basis for a grievance or time or money claim by or on behalf of any employee against the Carrier predicated upon any action taken by the Carrier in applying or complying with this Agreement or upon an alleged violation, mis-application or non-compliance with any provision of this Agreement. If the final determination under Section 4 of this Agreement is that an employee's employment and seniority shall not be terminated, his continuance in service shall give rise to no liability against the Carrier in favor of the Organization or other employees based upon an alleged violation, mis-application or non-compliance with any part of this Agreement.

Section 8.

In the event that seniority and employment under the Rules and Working Conditions Agreement is terminated by the Carrier under the provisions of this Agreement, and such termination of seniority and employment is subsequently determined to be improper, unlawful, or unenforceable, the Organization shall indemnify and save harmless the Carrier against any and all liability arising as the result of such improper, unlawful, or unenforceable termination of seniority and employment; provided, however, that this Section shall not apply to any case in which the Carrier is the plaintiff or the moving party in the action in which the aforesaid determination is made or in which case the Carrier acts in collusion with any employee; provided further, that the aforementioned liability shall not extend to the expense to the Carrier in defending suits by employees whose seniority and employment are terminated by the Carrier under the provisions of this Agreement.

Section 9.

An employee whose employment is terminated as a result of non-compliance with the provisions of this Agreement shall be regarded as having terminated his employment relationship for vacation purposes.

APPENDIX 4

UNION DUES DEDUCTION AGREEMENT

Section 1.

(a) The Carrier shall, subject to the terms and conditions of this agreement, periodically withhold and deduct sums for monthly membership dues and assessments (not including fines and penalties) uniformly required as a condition of retaining union membership, due the Brotherhood from the wages due and payable to employees working under agreements between the Carrier and the Brotherhood, who are members of the Brotherhood, and who have so authorized the Carrier by signed authorizations.

(b) The Brotherhood shall assume the full responsibility for the procurement and proper execution of said authorization forms, and for delivery of said forms to the Carrier no later than the first day of the second payroll period of the month from which the deductions are to be made. Likewise, revocation of authorization forms shall be delivered by the Brotherhood to the Carrier not later than the first day of the second payroll period of the month in which termination of deductions is to take place.

Section 2.

(a) Deductions, as provided herein, shall be made by the Carrier in accordance with a master deduction list prepared by the General Secretary-Treasurer of the Brotherhood, listing each affected employee in employee number order. Such list, together with authorization forms, shall be furnished to the Carrier on or before the first day of the month preceding the month in which deductions are to take effect under the provisions of this Agreement.

(b) Thereafter, any deletions or additions to the master deduction list, or any changes in the amounts to be deducted from the wages of employees, shall be furnished to the Carrier not later than the first day of the second payroll period of the month in which such changes are to be made, such information to be accompanied by the proper authorization or revocation forms. Any changes shall be given to the Carrier not later than the first day of the second payroll period of the month on a copy of the list the Carrier will furnish the General Secretary-Treasurer, which is referred to in Section 4 of this Agreement.

Section 3.

(a) Deductions will be made from the wages earned in the second payroll period of the month in which the aforementioned certified statements are furnished to the Carrier.

(b) The following payroll deductions will have priority over deductions in favor of the Brotherhood as covered by this agreement:

1. Federal, state, and municipal taxes.
2. Deductions required by law and court orders, including garnishments, liens, and other wage assignments which the Carrier must respect.
3. Amounts due the Carrier.
4. Group insurance premiums.

(c) In cases where no deduction is made from the wages of an employee due to insufficient earnings, or for other reasons, the amounts not deducted shall not be added to the deduction lists nor will that deduction be made for the employee in any subsequent payroll Period.

(d) Responsibility of the Carrier under this Agreement shall be limited to remitting to the Brotherhood amounts actually deducted from the wages of employees pursuant to this Agreement. The Carrier shall not be responsible financially or otherwise for failure to make deductions or for making improper or inaccurate deductions. Any questions arising as to the correctness of the amounts deducted shall be handled between the employee involved and the General Chairman, and any complaints against the Carrier in connection therewith shall be handled with the Carrier by the General Chairman. Nothing herein shall be construed as obligating the Carrier to collect any dues or assessments from employees who leave its service, or who give up membership in the Brotherhood for any reason, or whose wages shall be involved in any claim or litigation of any nature whatsoever.

Section 4.

The Carrier will remit to the union official designated by the General Chairman the amounts due the Brotherhood deducted from the wages of members, making such remittances not later than the last day of the month following the month from which the deductions are made. The Carrier will, at the time of such remission, furnish the designated union officer a list of the employees, in employee number order, from whom deductions were made, showing the amount of such deductions.

Section 5.

Except for remitting to the Brotherhood monies deducted from the wages of employees, as described in Section 4 hereof, the Brotherhood shall indemnify, defend and save harmless the Carrier from and against any and all claims, demands, liability, loss or damage resulting from entering into this Agreement or arising or growing out of any dispute or litigation from any deductions made by the Carrier from the wages of its employees for or on behalf of the Brotherhood.

Section 6.

- (a) This Agreement is subject to the provisions of the applicable federal and state laws now in existence or enacted in the future.
- (b) This Agreement is subject to immediate cancellation by written notice to the General Chairman of the Brotherhood if the Carrier is required by federal law or the law of any state in which it operates, to change its pay date or payroll procedures in such a manner as to make dues deduction an unreasonable burden.
- (c) This Agreement shall be automatically terminated as of the date official notification is received from the National Mediation Board of a change in the representation of employees now represented by the Brotherhood signatory to this Agreement, or upon termination of the Rules and Working Conditions Agreement between the parties.

Section 7.

No part of this Agreement shall be used in any manner whatsoever directly or indirectly as a basis for a grievance (except as provided in Section 3(d)) or time claim by or on behalf of an employee.

APPENDIX 5

PHYSICAL DISQUALIFICATION

For those employees who are physically disqualified by the Chief Medical Officer and who disagree with the findings, the following procedure is established:

(1) When an employee is found by the Chief Medical Officer to be physically disqualified, he shall be notified in writing by the Chief Medical Officer of the specific medical reasons for the findings. If the employee questions the findings he or his representative shall, within (30) thirty days of his notification of physical disqualification, notify the highest officer of the Carrier designated to handle claims and grievances in writing of an appeal and submit to the Chief Medical Officer a statement of medical evidence from the physician of the employee's choice attesting to his meeting the Carrier's physical standards with respect to those matters on which he was found disqualified. Should the Chief Medical Officer continue of the opinion that the employee does not meet the Carrier's physical standards, he shall notify the employee in writing within fifteen (15) days. If the Chief Medical Officer agrees that the employee met the Carrier's physical standards at the time of disqualification, the employee will be made whole for wages lost.

(2) Should the employee disagree with the Chief Medical Officer's decision following the latter's review of the medical evidence presented, he or his representative may, provided he does so within fifteen (15) days after receipt of the decision, request a three-doctor panel, which shall be established as promptly as possible after receipt of his request. The panel shall be composed of a doctor of the employee's choice, a doctor of the Carrier's choice and a third doctor selected by the other two. The partisan doctors may present to the third doctor any evidence bearing on the dispute they consider pertinent. The panel shall determine within thirty (30) days of its establishment whether the employee's physical condition meets the Carrier's standards. A majority decision shall govern.

(3) Expenses involved in the application of the rule will be handled by the Carrier paying its doctor, the employee paying the doctor of his choice, and the expenses of the third doctor including such x-rays, laboratory examinations, as he may require being divided equally between the Carrier and the employee involved.

(4) An employee returned to service on the basis of the decision of the three-doctor panel will be made whole as to wages lost due to disqualification in the event the three-doctor panel concludes his condition did not warrant disqualification at the time of disqualification.

(5) Should the three-doctor panel find the employee physically disqualified, the employee may, when he considers his physical condition warrants, invoke again the procedures outlined hereinbefore except that he shall not do so earlier than 120 days after the decision of the three-doctor panel. If the employee's physical condition has improved to the extent he is found to meet the Carrier's standards, he will be physically qualified to return to work but will not be made whole for loss of earnings incurred during the period of disability.

(6) In the event the employee or his representative does not appeal the Chief Medical Officer's decision within the time limit specified herein, he shall be considered as having accepted the decision until the time he again presents himself for examination by the Carrier doctor, in which event the procedure described hereinabove shall be followed.

NOTE: If the Carrier does not appoint a Chief Medical Officer, the doctor designated by the Carrier shall function under this Appendix.

APPENDIX 6

LIST OF EMPLOYEES/RATE MAINTENANCE

<u>Last</u> <u>Name</u>	<u>MI</u>	<u>Employee</u> <u>Number</u>	<u>Protected</u> <u>Rate</u>
Anthony	JN	4000	\$ 15.84
Caskey	RL	6008	\$ 15.84
Current	LD	6511	\$ 14.13
Dossett	BE	7204	\$ 14.60
Dougherty	JM	6512	\$ 14.13
Given	RJ	6505	\$ 14.60
Hatcher	RL	7208	\$ 14.60
Johnessee	BJ	7207	\$ 14.60
Kelly	CW	7202	\$ 14.60
Keyton	RE	6509	\$ 14.13
Kratz	GW	6714	\$ 16.18
Lett	AL	6507	\$ 15.32
Meyer	JD	6014	\$ 15.84
Murry	DE	6506	\$ 14.13
Prater	RW	6519	\$ 15.60
Prater	VJ	6521	\$ 14.13
Robinson	R	6005	\$ 15.64
Robinson	GL	6527	\$ 14.13
Scott, Jr	CA	6500	\$ 15.60
Smith	GE	6510	\$ 14.13
Snyder	JL	6513	\$ 14.13
Thoman	JA	6306	\$ 15.60

(Rates shown are effective July 1, 1996, and incorporate the 3% increases effective July 1, 1995 and July 1, 1996, and the \$.12 per hour COLA effective January 1, 1996.)

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KANSAS CITY SOUTHERN
114 West Eleventh Street
Kansas City, Missouri 64105-1804

Emerson Bouchard
Vice President – Labor Relations

Fax: (816) 983-1686
Phone: (816) 983-1294

John S. Morse
Director of Labor Relations

Kathleen A. Alexander
Director of Labor Relations
James D. Freeman
Director of Labor Relations

December 7, 2000

Mr. Richard Lau, Vice President-BMWE
114 North Main Street
Mt. Holly, NC 28120-1768

Dear Sir:

This will confirm that former Mid South (MSRC), Gateway Western (GWWR), and South Rail (SR) employees will convert to coverage under the National Health and Welfare plan effective January 1, 2001. The following principles will apply to the changeover:

❖ **Full Health Welfare, including Vision Care, and Dental**

Employees covered by the National Health and Welfare Plan includes dental, life, Accidental Death and Dismemberment (AD&D), vision coverage as well as any benefit that may be added in the future.

❖ **Employee Contributions**

The present contribution paid by the employee will be eliminated December 31, 2000. However, should the National Health and Welfare Plan include a cost sharing provision, such provision would be applicable to the employee.

❖ **Members go into comprehensive plan with option to change PPO**

Under the National Health & Welfare Plan new entrants that live in an area where a managed medical care network is available must be enrolled in the Managed Medical Care Program (MMCP). KCS has obtained an exemption for participants to be automatically enrolled in the Comprehensive Health Care /Benefit (CHCB). At any time participants' can elect MMCP.

❖ **Pre-existing conditions must be covered from day one**

There is no language in the legal documents of the National Health & Welfare Plan that excludes pre-existing conditions.

❖ **All claims pending must be paid**

Included in KCS' agreement with Benchmark Insurance Company are provisions governing the payment of run-out claims. KCS will send a letter to all former Eastern Division Benefit Plan members to ensure all claims incurred on/before December 31, 2000, must be submitted for payment not later than March 31, 2001.

❖ **Age 60 with 30 years or early retirees**

The company will arrange to provide coverage (without cost to the employee) under Article II to employees who choose to retire at age 60 with 30 years of service until the retiree reaches age 65 or becomes Medicare eligible. This understanding will apply only to employees holding seniority on the former Mid South Rail Corporation (MSRC), Gateway Western (GWWR) and South Rail (SR) Corporation on January 1, 2001. This provision will not apply to anyone hired after January 1, 2001.

Very truly yours,

(Original signatures not reproduced)
Emerson Bouchard
Vice President - Labor Relations

cc: Hayward Granier

AGREEMENT
between
KANSAS CITY SOUTHERN
and its employees represented by the
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES
(former Gateway Western Railway)

Article I—Wages

Section 1—First General Wage Increase

On the first day of the month following notification of ratification, hourly rates of pay of positions covered by this agreement will be increased as described herein. The hourly rate of pay of each such position shall be increased by the amount equal to one-third (1/3) of the difference between such rate of pay and the average hourly rate of pay applicable on that date to the same job classification on the KCS.

Section 2—Second General Wage Increase

On January 1, 2004, hourly rates of pay of positions covered by this agreement will be increased as described herein. The hourly rate of pay of each such position shall be increased by the amount equal to one-half (1/2) of the difference between such rate of pay and the average hourly rate of pay applicable on that date to the same job classification on the KCS.

Section 3—Third General Wage Increase

On January 1, 2005, hourly rates of pay of positions covered by this agreement will be increased as described herein. The hourly rate of pay for each such position shall be increased by the amount needed to equalize such rate of pay with the average hourly rate of pay applicable as of that date to the same job classification on the KCS. Concurrently, Rule 43 Rate Maintenance, is eliminated.

Section 4—Conversion to National Agreement Wage Adjustments

It is the intent of this agreement to allow rates of pay for former Gateway (GWWR) job classifications to converge with the average rate of pay applicable to the same job classification on the Kansas City Southern (KCS). Effective July 1, 2005 and thereafter, the May 31, 2001, BMW National Agreement cost-of-living adjustments and offsets will apply.

Section 5—Cost-of-Living

Upon the effective date of this Agreement, Rule 38 of the basic agreement shall be eliminated.

Article II—Optional Alternative Compensation Program

Section 1

A carrier may offer employees, by notice addressed to their designated representative(s), alternative compensation arrangements. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401 (k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that no carrier may be compelled to offer any alternative compensation arrangement, and conversely, the organization cannot be compelled to agree to any carrier proposal made under this Article.

Article III—Expenses

Rule 23 Expense is modified to read as follows:

(e) Except for mobile gang members whose residence is within fifty (50) miles of the assembly point, employees required to remain overnight at other than their assigned headquarters, and mobile gang members, will be provided with suitable lodging at the Carrier's expense and with a meal allowance as set forth in (b), below. The Carrier may designate lodging facilities at which employees must stay in order to qualify for Carrier provided lodging.

(d) (1) Employees covered by (a), above, will be allowed actual and reasonable cost of meals in the amount of \$ 21.25 for each day worked. It will not be necessary that supporting documentation be provided in order to be eligible for this allowance. This allowance is subject to future increases as provided for in national agreements, or

(b) (2) Employees covered by (a), above, will be allowed actual and reasonable cost of meals subject to a maximum of \$32.00 per day as supported by the submission of detailed expense forms accompanied by supporting documentation.

If an employee works four (4) hours or more during his/her normal work day and is authorized to be absent from work by the proper authority, then those employees will receive the full amount of per diem. An employee who works less than four (4) hours during his/her normal work day and is authorized to be absent from work by the proper authority will receive fifty percent (50%) of the full amount of per diem for that day.

(c) Employees who reside within fifty (50) miles of the assembly point who are unable to return home because of ice storm or flood will be entitled to the benefits of paragraphs (a) and (b).

~~———— (d) ——— An employee willing and authorized by management to use his automobile on Carrier business shall be paid the maximum allowable IRS mileage rate currently in effect.~~

~~———— (e) ——— A mobile gang member whose residence is within fifty (50) miles (via the most direct highway route) of the assembly point, will be allowed the per diem allowance described in (b) (1) above provided the employee renders a complete workday of compensated service.~~

~~———— (f) ——— Mobile gang members whose assembly point on the last day of the workweek is more than two hundred (200) miles from their residence may elect, in lieu of going home, to spend their rest days, at Carrier expense, at Carrier-designated lodging facilities at or near the assembly point while awaiting the beginning of the next workweek. Those mobile gang members who elect to go home under these circumstances may elect to spend the night before the first workday of the next workweek at said Carrier-designated facilities at Carrier expense. To be eligible for the benefits of this paragraph, employees must notify supervision of their election prior to the end of the workweek and must actually stay in the Carrier-designated facilities provided for them on the nights elected by them, unless actual and prompt notification is given to supervision of a change in plans.~~

~~———— NOTE: ——— See Agreed to Questions and Answers following Rule 16 WORK ASSIGNMENTS, for information pertaining to application of this Rule 23-EXPENSES to system gangs.~~

Article IV – Health & Welfare

~~———— Effective January 1, 2001, employees will be covered by the Railroad Employees National Health and Welfare Plan (Articles V, VI, VII, IX and X) as amended below by the Mediation Agreement dated September 26, 1996, between the Carriers represented by the National Carriers' Conference Committee and employees of such railroads represented by the Brotherhood of Maintenance of Way Employees.~~

~~———— Further, the parties agree that the amendments to the Railroad Employees National Health and Welfare Plan contained in the May 31, 2001 BMW National Agreement will also be applicable.~~

~~———— Any former Gateway Western employee, retiree, who is currently covered under the Gateway Western health & welfare plan will convert to coverage under the National Health and Welfare Plan pursuant to the provisions of this Article.~~

Article V – Entry Rates

Section 1

~~———— Article III of the October 17, 1986 National Agreement (as amended), including all applicable Side Letters, and all other local rules governing entry rates are amended to provide that covered employees shall be paid at 90 percent of the applicable rates of pay (including COLA) for the first twelve (12) calendar months of employment and shall be paid at 95 percent of the applicable rates of pay (including COLA) for the second twelve (12) calendar months of employment for all service performed on positions by an agreement with the organization.~~

Section 2

~~———— Employees covered by the aforementioned Article III or local rules governing entry rates on the date of this Agreement shall be credited, for purposes of the application of Section 1, for all calendar months of employment rendered as of the effective date of this Article.~~

Section 3

~~———— This Article shall be effective ten (10) days after the effective date of this Agreement.~~

Article VI – Seniority Retention

~~———— Employees shall not be required to file their names and addresses with the carrier when furloughed to protect seniority. However, employees have the obligation to keep the carrier advised as to their current address and telephone numbers.~~

Article VII – Direct Deposit

~~———— Employees will be paid on the 15th and 30th of each month. All payments will be made by direct deposit with the Carriers' direct deposit program outlined in Attachment A to this agreement.~~

Article VIII – Overtime

~~Rule 10 – Overtime is abrogated and replaced by the following:~~

~~———— (a) ——— Time worked preceding or following and continuous with the regular work hours, shall be computed on the actual minute basis and paid for at time and one-half rates, with double time computed on actual minute basis after 16 continuous hours of work in any 24-hour period, computed from the time the continuous work period commences, except that all time during the employees regular shift will be paid for at the pro rata rate.~~

~~———— (b) ——— There shall be no overtime on overtime.~~

~~———— (c) ——— Overtime on a territory shall go to the regularly assigned employees of such territory on a seniority basis. When the regular assigned employees are not available, then the closest adjoining assigned employee will be called on a seniority basis.~~

Article IX – Moratorium

(a) ~~———— The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement, and to settle the disputes growing out of the notice dated July 12, 1999. This Agreement shall remain in effect through December 31, 2005 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.~~

(b) ~~———— Neither party to this Agreement shall serve, prior to November 1, 2005 (not to become effective before January 1, 2006) any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties, and any proposals in pending notices related to such subject matters are hereby withdrawn.~~

(c) ~~———— This Article will not bar management and the organization from agreeing upon any subject of mutual interest.~~

Signed at ~~Kansas City, MO~~ ~~————~~ this ~~7th~~ day of ~~April 2003~~.

For the Organization: ~~————~~ For the Carrier:

~~(Original signature not reproduced)~~ ~~————~~ ~~(Original signature not reproduced)~~
H. J. Granier ~~————~~ Kathleen A. Alexander
General Chairman ~~————~~ Director — Labor Relations

~~(Original signature not reproduced)~~ ~~————~~ ~~(Original signature not reproduced)~~
E. R. Spears ~~————~~ Emerson M. Bouchard
Vice President ~~————~~ Vice President — Labor Relations

Following articles added in accordance with Article IV of the April 7, 2003 Agreement, effective January 1, 2001. Employees will be covered by the Railroad Employees National Health and Welfare Plan (Articles V, VI, VII, IX and X) as amended below by the Mediation Agreement dated September 26, 1996, and subsequently amended May 31, 2001 between the Carriers represented by the National Carriers' Conference Committee and employees of such railroads represented by the Brotherhood of Maintenance of Way Employee.

ARTICLE V - DENTAL BENEFITS

Section 1 - Continuation of Plan

The benefits now provided under, the Railroad Employees National Dental Plan (Dental Plan), modified as provided in Section 2 below, will be continued subject to the provisions of the Railway Labor Act, as amended.

Section 2 - Eligibility

Existing eligibility requirements under the Dental Plan are amended, effective on October 1, 1996, to provide that in order for an employee and his eligible dependents to be covered for Covered Dental Expenses (as defined in the Dental Plan) during any calendar month by virtue of rendering compensated service or receiving vacation pay in the immediately preceding calendar month (the "qualifying month"), such employee must have rendered compensated service on, or received vacation pay for, an aggregate of at least seven (7) calendar days during the applicable qualifying month. Existing Dental Plan provisions pertaining to eligibility for and termination of coverage not specifically amended by this Section shall continue in effect. (See Side Letter No. 6)

Section 3 - Benefit Changes

The following changes will be made effective as of January 1, 1999.

(a) The maximum benefit (exclusive of any benefits for orthodonture) which may be paid with respect to a covered employee or dependent in any calendar year beginning with calendar year 1999 will be increased from \$1,000 to \$1,500.

(b) The lifetime aggregate benefits payable for all orthodontic treatment rendered to a covered dependent, regardless of any interruption in service, will be increased from \$750 to \$1,000.

(c) The exclusion from coverage for implantology (including synthetic grafting) services will be deleted and dental implants and related services will be added to the list of Type C dental services for which the Plan pays benefits.

(d) Repair of existing dental implants will be added to the list of Type B dental services for which the Plan pays benefits.

(e) One application of sealants in any calendar year for dependent children under 14 years of age will be added to the list of Type A dental services for which the Plan pays benefits.

(f) The Plan will pay 80%, rather than 75%, of covered expenses for Type B dental services.

(g) The Plan will establish and maintain an 800 telephone number that employees and dependents may use to make inquiries regarding the Plan.

ARTICLE VI - VISION CARE

Section 1 - Establishment and Effective Date

The railroads will establish a Vision Care Plan to provide specified vision care benefits to employees and their dependents, to become effective January 1, 1999 and to continue thereafter subject to provisions of the Railway Labor Act, as amended, according to the following provisions:

(a) **Eligibility and Coverage.** Employees and their dependents will be eligible for coverage under the Plan beginning on the first day of the calendar month after the employee has completed a year of service

for a participating railroad, but no earlier than the first day of January 1999. An eligible employee who renders compensated service on, or receives vacation pay for, an aggregate of at least seven (7) calendar days in a calendar month will be covered under the Plan, along with his eligible dependents, during the immediately succeeding calendar month. (See Side Letter No. 6)

(b) **Managed Care.** Managed vision care networks that meet standards developed by the National Carriers' Conference Committee concerning quality of care, access to providers and cost effectiveness shall be established wherever feasible. Employees who live in a geographical area where a managed vision care network has been established will be enrolled in the network along with their covered dependents. Employees who live in a geographical area where a managed vision care network has been established will be enrolled in the network along with their covered dependents. Employees enrolled in a managed vision care network will have a point-of-service option allowing them to choose an out-of-network provider to perform any vision care service covered by the Plan that they need. The benefits provided by the Plan when services are performed by in-network providers will be greater than the benefits provided by the Plan when the services are performed by providers who are not in-network providers, including providers in geographic areas where a managed vision care network has not been established. These two sets of benefits will be as described in the table below.

Plan Benefit	In-Network	Other Than In-Network
One vision examination per 12-month period.	100% of reasonable and customary charges maximum	100% of reasonable and customary charges up to a \$35
One set of frames of any kind per 24-month period	100% of reasonable and customary charges¹ maximum	100% of reasonable and customary charges up to a \$35
One set of two lenses of any kind, including contact lenses, per 24-month period.	100% of reasonable and customary charges²	100% of reasonable and customary charges up to the following maximums: up to \$25 for single vision lenses up to \$40 for bifocals up to \$55 for trifocals up to \$80 for lenticulars up to \$210 for medically necessary contact lenses up to \$105 for contact lenses that are not medically necessary

Where the employee or dependent requires only one lens

100% of reasonable and customary charges 2/ maximum of one-half of the maximum benefit payable for a set of two lenses of the same kind

100% of reasonable and customary charges up to a

1 Patients who select frames that exceed a wholesale allowance established under the program may be required to pay part of the cost of the frames selected.

2 Patients may be required to pay part of the cost of spectacle lenses or lens characteristics that are not necessary for the patient's visual welfare. Moreover, patients who choose contact lenses in lieu of spectacles may be required to pay part of a contact lens evaluation fee and part of the cost of fitting and materials.

Section 2 - Administration

The Vision Car Plan will be administered by the National Carriers' Conference Committee, which will bear the same responsibilities and perform the same function as it does with respect to The Railroad Employees National Dental Plan, including the development of detailed plan language describing the Plan's eligibility, coverage, benefit and other provisions.

ARTICLE VII - NATIONAL HEALTH AND WELFARE PLAN

The Railroad Employees National Health and Welfare Plan ("the Plan") is amended, effective on October 1, 1996, as provided in this Section. In order for an Eligible Employee (as defined by the Plan) to continue to be covered by the Plan during any calendar month by virtue of rendering compensated service or receiving vacation pay in the immediately preceding calendar month (the "qualifying month"), such employee must have rendered compensated service on, or received vacation pay for, an aggregate of at least seven (7) calendar days during the applicable qualifying month. Existing Plan provisions pertaining to eligibility for and termination of coverage not specifically amended by this Section shall continue in effect. (See Side Letter No. 6)

Dear Mr. Fleming:

This will confirm our understanding with respect to the application of the seven (7) calendar days per month eligibility requirement for benefit coverage under the health and welfare, dental and vision plans. The understanding is as follows:

1. Nothing contained in this letter shall in any way add to, diminish or alter existing rights and/or obligations of both carriers and employees with regard to eligibility requirements for benefit coverage for employees going on furlough, furloughed or returning from furlough.

2. An employee whose assignment commences on one (1) calendar day and ends on the following calendar day shall be deemed to have rendered compensated service on one (1) calendar day. This remains true even if the employee works overtime on that assignment during the following calendar day unless

(a) such employee's overtime on the following calendar day continues into his/her regularly scheduled work hours; or

(b) the employee's overtime on the following calendar day occurs on his/her rest day and such overtime continues into the hours of what would have been the employee's regular work day, based on the employee's assignment immediately preceding the rest day, had the rest day been a regular work day.

In the event 2(a) or 2(b) occurs the employee shall be deemed to have rendered compensated service on two (2) calendar days. If the overtime continues uninterrupted for more than two (2) calendar days, the same principles will apply in determining for purposes of benefit eligibility the number of calendar days on which the employee shall be deemed to have rendered compensated service.

3. An employee whose assignment commences on one (1) calendar day and ends on the following calendar day, and who then works another assignment during that following day shall be deemed to have rendered compensated service on two (2) calendar days.

4. An employee who works (or who reports to work but is instructed not to work by carrier because of inclement weather) on an eight (8) hours day's assignment shall be deemed to have rendered compensated service on one (1) calendar day for each calendar day his/her works such assignment or reports to work for such assignment but is instructed not to work because of inclement weather. An employee who works (or who reports to work but is instructed not to work by carrier because of inclement weather) on a ten (10) hours day's assignment in lieu of an eight (8) hour day's assignment will be deemed to have rendered compensated service on one and one-quarter (1.25) calendar days for each calendar day he/she works such assignment or reports to work for such assignment but is instructed not to work because of inclement weather. Similarly, an employee on assignment where the regular work day is programmed to consist of more than eight (8) hours (e.g. 9, 11, 12, 13 hours) shall be deemed to have rendered compensated service on one and on a fraction of another calendar day worked, on the same principle as described above.

5. An employee called in to work on his/her rest day shall be deemed to have rendered compensated service on one (1) calendar day.

6. A new employee who reports for duty on the first day allowed, who has less than seven (7) calendar days on which his/her is assigned to work remaining in the month, will be eligible for benefits in the following month provided the employee works all regularly assigned days in such month.

7. The change in eligibility requirements is not intended to alter current practices with respect to whether vacations, holidays, personal leave days, bereavement leave and jury duty are considered as days of compensated service for purposes of the health, dental and vision plans.

8. An employee who is called to military duty to respond to an emergency (e.g. The Gulf War) and as a result is not able to meet the seven (7) day eligibility requirement shall remain eligible for benefits for four (4) months after the month in which compensated service was last performed.

9. An employee who is suspended, dismissed or retires and, consequently, does not meet the seven (7) calendar days per month eligibility requirement shall receive the same extension of coverage as such person received prior to such change.

10. Any lapse in benefits occurring as a result of this eligibility change shall not continue beyond the month so affected, provided such employee meets the eligibility requirements governing the immediately following month.

Please acknowledge your agreement by signing your name in the space provided below.

I agree:

Yours very truly,

(Original signed by M. A. Fleming)

(Original signed by Robert F. Allen)

ARTICLE IX - SUPPLEMENTAL SICKNESS

The January 9, 1980 Supplemental Sickness Benefit Agreement, as amended effective July 1, 1991 (Sickness Agreement), shall be further amended as provided in this Article.

Section 1 - Adjustment of Plan Benefits

- (a) Benefits shall be provided under the Plan established pursuant to the Sickness Agreement as set forth in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on December 31, 1999 under the terms of that Agreement.
- (b) Section 4 of the Sickness Agreement shall be revised as follows:

	<u>Per Hour</u>	<u>Per Month</u>
Class I Employees Earning (as of December 31, 1999)	\$17.36 or more	\$3,021 or more
Class II Employees Earning (as of December 31, 1999)	\$16.03 or more but less than \$17.36	\$2,789 or more, but less than \$3,021
Class III Employees Earning (as of December 31, 1999)	Less than \$16.03	Less than \$2,789

Basic and Maximum Amount Per Month

<u>Classification</u>	<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
Class I	\$992	\$1,044	\$2,036
Class II	\$873	\$1,044	\$1,917
Class III	\$738	\$1,044	\$1,782

Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$2,185
Class II	\$2,054
Class III	\$1,911

Section 2 - Adjustment of Plan Benefits During Agreement Term

Effective December 31, 2004, the benefits provided under the Plan shall be adjusted so as to restore the same ratio of benefits to rates of pay as existed on the effective date of this Article.

Section 3 - Return to Work

- (a) When an employee's physician determines that the employee's disability (as that term is defined by the Plan) has ended and the employee is medically qualified to return to work, and the carrier's designated medical officer finds in his medical judgment that such employee is not medically qualified to return to work, the employee shall be promptly notified in writing. The employee's disability payments due under the Plan shall continue until the sooner of the date the employee is found to be medically qualified to return to service by the carrier's designated medical officer or the expiration of the twelve-month limitation on Plan benefits for such disability.
- (b) Nothing contained herein shall be construed to extend the amount or duration of payments under the Plan to any employee beyond that currently provided.

ARTICLE X - OFF TRACK VEHICLE INSURANCE

(as amended by PEB 229, September 26, 1996)

Where employees sustain personal injuries or death under the conditions set forth in paragraph (a) below, the carrier will provide and pay such employees, or their personal representative, the applicable amounts set forth in paragraph (b) below, subject to the provisions of other paragraphs in this Article.

(a) Covered Conditions -

This Article is intended to cover accidents involving employees covered by this agreement while such employees are operating, riding in, boarding, or alighting from off-track vehicles authorized by the carrier and any accident which occurs while an employee is under pay.

(b) Payments to be Made -

In the event that any one of the losses enumerated in subparagraphs (1), (2) and (3) below results from an injury sustained directly from an accident covered in paragraph (a) and independently of all other causes and such loss occurs or commences within the time limits set forth in subparagraphs (1), (2) and (3) below, the carrier will provide, subject to the terms and conditions herein contained, and less any amounts payable under Group Policy Contract GA-23000 of The Travelers Insurance Company or any other medical or insurance policy or plan paid for in its entirety by the carrier, the following benefits:

Accidental Death or Dismemberment

The carrier will provide for loss of life or dismemberment occurring within 120 days after date of an accident covered in paragraph (a):

Loss of Life	\$300,000
Loss of Both Hands	300,000
Loss of Both Feet	300,000
Loss of Sight of Both Eyes	300,000
Loss of One Hand and One Foot	300,000
Loss of One Hand and Sight of One Eye	300,000
Loss of One Foot and Sight of One Eye	300,000
Loss of One Hand or One Foot or Sight of One Eye	150,000

"Loss" shall mean, with regard to hands and feet, dismemberment by severance through or above wrist or ankle joints; with regard to eyes, entire and irrecoverable loss of sight. Not more than \$300,000 will be paid under this paragraph to any one employee or his personal representative as a result of any one accident.

(2) Medical and Hospital Care

The carrier will provide payment for the actual expense of medical and hospital care commencing within 120 days after an accident covered under paragraph (a) of injuries incurred as a result of such accident, subject to limitation of \$3,000 for any employee for any one accident, less any amounts payable under Group Policy Contract GA-23000 of The Travelers Insurance Company or under any other medical or insurance policy or plan paid for in its entirety by the carrier.

(3) Time Loss

The carrier will provide an employee who is injured as a result of an accident covered under paragraph (a) commencing within 30 days after such accident 80 % percent of the employee's basic full-time weekly compensation from the carrier for time actually lost, subject to a maximum payment of \$1,000.00 per week for time lost during a period of 156 continuous weeks following such accident provided, however, that such weekly payment shall be reduced by such amounts as the employee is entitled to receive as sickness benefits under provisions or the Railroad Unemployment Insurance Act.

(4) Aggregate Limit

The aggregate amount of payments to be made hereunder is limited to \$10,000,000 for any one accident and the carrier shall not be liable for any amount in excess of \$10,000,000 for any one accident irrespective of the number of injuries or deaths, which occur in or as a result of such accident. If the aggregate amount of

payments otherwise payable hereunder exceeds the aggregate limit herein provided, the carrier shall not be required to pay as respects each separate employee a greater proportion of such payments than the aggregate limit set forth herein bears to the aggregate amount of all such payments.

(c) Payment in Case of Accidental Death -

Payment of the applicable amount for accidental death shall be made to the employee's personal representative for the benefit of the persons designated in, and according to the apportionment required by the Federal Employers Liability Act (45 U.S.C. 51 et seq., as amended), or if no such person survives the employee, for the benefit of his estate.

(d) Exclusions -

Benefits provided under paragraph (b) shall not be payable for or under any of the following conditions:

- (1) Intentionally self-inflicted injuries, suicide or any attempt thereat, while sane or insane;
- (2) Declared or undeclared war or any act thereof;
- (3) Illness, disease, or any bacterial infection other than bacterial infection occurring in consequence of an accidental cut or wound;
- (4) Accident occurring while the employee driver is under the influence of alcohol or drugs, or if an employee passenger who is under the influence of alcohol or drugs in any way contributes to the cause of the accident;
- (5) While an employee is a driver or an occupant of any conveyance engaged in any race or speed test;
- (6) While an employee is commuting to and/or from his residence or place of business.

(e) Offset -

It is intended that this Article V is to provide a guaranteed recovery by an employee or his personal representative under the circumstances described, and that receipt of payment there under shall not bar the employee or his personal representative from pursuing any remedy under the Federal Employers Liability Act or any other law; provided, however, that any amount received by such employee or his personal representative under this Article may be applied as an offset by the railroad against any recovery so obtained.

(f) Subrogation -

The carrier shall be subrogated to any right of recovery an employee or his personal representative may have against any party for loss to the extent that the carrier has made payments pursuant to this Article.

The payments provided for above will be made, as above provided, for covered accidents on or after May 1, 1971.

It is understood that no benefits or payments will be due or payable to any employee or his personal representative unless such employee, or his personal representative, as the case may be, stipulates as follows:

“In consideration of the payment of any of the benefits provided in Article V of the Agreement of February 10, 1971, _____
(employee or personal representative)
agrees to be governed by all of the conditions and provisions said and set forth by Article V.”

between
Kansas City Southern
and

The Brotherhood of Maintenance of Way Employes
(former MidSouth Rail Corporation, SouthRail and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

1. The Carrier shall have the right to operate one (1) maintenance of way gang without regard for existing maintenance of way seniority district boundaries, to perform brushcutting. Each gang will consist of at least three (3) machines unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment of positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing of the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 1. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement.
 2. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be awarded positions based on seniority, qualifications being sufficient.
 3. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have not seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.
 4. Except as other wise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
 5. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
- d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without

four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him /her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.
- 1. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

The Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

Signed this 11th day of July 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

FOR THE CARRIER:

(Original signatures not reproduced)

Hayward J. Granier
General Chairman, BMWWE

(Original signatures not reproduced)

Kathleen A. Alexander
Director of Labor Relations

(Original signatures not reproduced)

Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:

(Original signatures not reproduced)

E. R. Spears
Vice President, BMWWE

Agreement
between
Kansas City Southern
and
The Brotherhood of Maintenance of Way Employes
(former MidSouth Rail Corporation, SouthRail and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

2. The Carrier shall have the right to operate one (1) maintenance of way gang without regard for existing maintenance of way seniority district boundaries, to perform crossing construction work. Each gang will consist of at least eight (8) employees unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:

- a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
- b. Seniority for purposes of assignment of positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing of the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 6. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement.
 7. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be awarded positions based on seniority, qualifications being sufficient.
 8. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have not seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.

9. Except as other wise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
10. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
- d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him /her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.
2. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

The Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

Signed this 11th day of July 2003, at Kansas City, Missouri.

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General Chairman, BMWE

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Kathleen A. Alexander
Director of Labor Relations

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Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:

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E. R. Spears
Vice President, BMWE

Agreement
between
Kansas City Southern
and
The Brotherhood of Maintenance of Way Employes
(former MidSouth Rail Corporation, SouthRail and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

3. The Carrier shall have the right to operate one (1) maintenance of way gang without regard for existing maintenance of way seniority district boundaries, to perform surfacing functions. Each gang will consist of at least ten (10) machines unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:

- a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
- b. Seniority for purposes of assignment of positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing of the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:

11. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement.
12. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be awarded positions based on seniority, qualifications being sufficient.
13. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have not seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.

14. Except as other wise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
15. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
- d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him /her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.
3. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

The Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

Signed this 11th day of July 2003, at Kansas City, Missouri.

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FOR THE CARRIER:

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General Chairman, BMWE

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Director of Labor Relations

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Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:

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E. R. Spears
Vice President, BMWE

Agreement
between
Kansas City Southern
and
The Brotherhood of Maintenance of Way Employes
(former MidSouth Rail Corporation, SouthRail and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

4. The Carrier shall have the right to operate three (3) maintenance of way gangs without regard for existing maintenance of way seniority district boundaries, to operate burro and locomotive cranes. Each gang will consist of at least two (2) employees unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment of positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing of the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 16. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement.
 17. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be awarded positions based on seniority, qualifications being sufficient.
 18. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have not seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.
 19. Except as other wise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
 20. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
 - c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
 - d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him /her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.
4. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

The Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

Signed this 11th day of July 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

FOR THE CARRIER:

(Original signatures not reproduced)

Hayward J. Granier
General Chairman, BMWE

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Kathleen A. Alexander
Director of Labor Relations

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Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:

(Original signatures not reproduced)

E. R. Spears
Vice President, BMWE

#5
Agreement
between
Kansas City Southern
and
The Brotherhood of Maintenance of Way Employes
(former MidSouth Rail Corporation, SouthRail and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

5. The Carrier shall have the right to operate two (2) maintenance of way gangs without regard for existing maintenance of way seniority district boundaries, to perform tie or rail renewal functions. Each gang must be heavily mechanized and mobile, continuously performing specific programmed major repair and replacement work. Each gang will consist of at least twenty (20) employees unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment of positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing of the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 21. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement.
 22. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be awarded positions based on seniority, qualifications being sufficient.
 23. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have not seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.
 24. Except as other wise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
 25. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
 - c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
 - d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him /her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.
5. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

The Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

Signed this 11th day of July 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

FOR THE CARRIER:

(Original signatures not reproduced)

Hayward J. Granier
General Chairman, BMWE

(Original signatures not reproduced)

Kathleen A. Alexander
Director of Labor Relations

(Original signatures not reproduced)

Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:

(Original signatures not reproduced)

E. R. Spears
Vice President, BMWE

#6
Agreement
between
Kansas City Southern
and
The Brotherhood of Maintenance of Way Employes
(former MidSouth Rail Corporation, SouthRail and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

6. The Carrier shall have the right to operate two (2) maintenance of way gang without regard for existing maintenance of way seniority district boundaries, to perform frog grinding/lubricating. Each gang will consist of at least two (2) employees unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment of positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing of the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 26. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement.
 27. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be awarded positions based on seniority, qualifications being sufficient.
 28. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have not seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.
 29. Except as other wise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
 30. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
 - c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
 - d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without

four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him /her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.
- 6. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

The Agreement will become effective immediately and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

Signed this 11th day of July 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

(Original signatures not reproduced)
Hayward J. Granier
General Chairman, BMWWE

FOR THE CARRIER:

(Original signatures not reproduced)
Kathleen A. Alexander
Director of Labor Relations

(Original signatures not reproduced)
Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:

(Original signatures not reproduced)
E. R. Spears
Vice President, BMWWE

July 11, 2003

Side Letter #1

Mr. H. J. Granier
General Chairman, BMW
302 East Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated July 11, 2003. Paragraph d of the agreement allows the work week of the gang(s) established to be under a Four-Ten hour work week, a Five-Eight hour work week or on an Accumulated Rest day basis.

It is agreed that the provisions of the July 1, 1979 basic agreement and Article X of the July 29, 1991 National Agreement will apply to paragraph d when gangs are working on either a Four-Ten hour work week or a Five-Eight hour work week.

Please indicate your concurrence in the space provided below.

Yours truly,

(Original signatures not reproduced)
Emerson M. Bouchard
Vice President of Labor Relations

I CONCUR:

(Original signatures not reproduced)
Hayward J. Grainier
General Chairman, BMW

July 11, 2003

Side Letter #2

Mr. H. J. Granier
General Chairman, BMW
302 East Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated July 11, 2003. We agreed that an employee who is entitled to protection under the terms of the February 7, 1965 Agreement, as amended, may:

1. Elect to not exercise seniority to other than his/her home territory. If an employee elects not to exercise seniority, that employee's entitlements under the upgraded Feb. 7 Agreements are suspended until such time as the employee voluntarily returns to service, is recalled to service, or there is no position the employee could hold in the normal exercise of seniority on his expanded work district(s).
2. Nothing in paragraph 1 above diminishes the obligation of employees to exercise their seniority in accordance with the particular employee's collective bargaining agreement.

Please indicate your concurrence in the space provided below.

Yours truly,

(Original signatures not reproduced)
Emerson M. Bouchard
Vice President of Labor Relations

I CONCUR:

(Original signatures not reproduced)
Hayward J. Grainier
General Chairman, BMW

July 11, 2003

Side Letter #3

Mr. H. J. Granier
General Chairman, BMWE
302 East Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated July 11, 2003. Paragraph e of the agreements provides for a \$1,000.00 bonus if certain conditions are met. We agreed in the application of this rule that the following will also apply in order for employees to qualify for the bonus:

2. An employee displaced from a system gang position who exercises seniority within this gang or on any other system gang will remain eligible for the incentive bonus (upon satisfaction of the six continuous months of service) computed from the first day the employee reported to his initial assignment on a system gang.
2. Employees with less than six months continuous of service on a system gang who are displaced and no longer able to hold a position on any system gang, will be eligible for a pro rated incentive bonus earned up to the date of displacement from the system gang.

Please indicate your concurrence in the space provided below.

Yours truly,

(Original signatures not reproduced)
Emerson M. Bouchard
Vice President of Labor Relations

I CONCUR:

(Original signatures not reproduced)
Hayward J. Grainier
General Chairman, BMWE

January 12, 2004

File: 1920.30-3
140.30-17(5)

Mr. Hayward Granier
General Chairman—BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

~~This has reference to our discussions surrounding revisions made to Rule 23 in Gateway Western Agreement.~~

~~This will confirm it was the Carrier's intent to apply Article VI, Section 1(b) of the May 31, 2001 National Agreement when the parties amended Rule 23(b)(1) in the April 7, 2003 Gateway Western Agreement.~~

~~Therefore, effective immediately the meal allowance provided for in Rule 23(b)(1) will be increased to \$23.00 for each day worked.~~

Very truly yours,

(Original signature not reproduced)

John S. Morse

Director—Labor Relations

March 15, 2004
Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This will confirm our several discussions concerning the proper application of Rule 19 of the GWWR agreement as it applies in conjunction with Article VIII (c) of the Agreement effective April 1, 2003. In order to clarify the application of the two (2) rules, it is agreed:

1. A person holding a vacation relief assignment pursuant to Rule 19 will be used to fill all vacation vacancies for the duration of the vacancy, including one-day-at-a-time vacation vacancies, ahead of senior persons on the territory.
2. A person holding a vacation relief assignment who is not working a vacation vacancy, will be used ahead of a senior person on the territory to fill any type of vacancy.
3. When the person assigned to a vacation relief assignment is filling a vacation vacancy, any subsequent vacancies will be filled by the senior person(s) on the territory.

In the application of paragraphs 1, 2 and 3 above, listed below are examples of the proper application of our understanding:

Paragraphs 1 and 3 – a vacation vacancy of five (5) days exists at the bridge at Pearl. The person assigned to the vacation relief assignment will be used to fill all five (5) days of the vacation. If during that five (5) day period, another vacancy arises, regardless of the cause, the vacancy will be filled on an overtime basis by the senior person on the territory where the vacancy exists.

Paragraph 2 –

(a) there are no vacations scheduled during the entire work week. The vacation relief person will be used to fill any and all vacancies ahead of a senior person on the territory.

(b) there are three (3) one-day-at-a-time vacation vacancies scheduled on the territory. The person assigned to the vacation relief assignment will be used to fill those vacancies. He/she will then be used ahead of senior persons to fill vacancies of any other nature to fill out the 40 hours for the week.

If you concur with the above applications and illustrations, kindly sign in the space provided and return to me.

Yours truly,

(Original signature not reproduced)
Kathleen A. Alexander
Director-Labor Relations

I CONCUR:

(Original signature not reproduced)
H. J. Granier
General Chairman, BMW

AGREEMENT

BETWEEN

KANSAS CITY SOUTHERN RAILWAY

AND THE

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

To provide an additional source of candidates for employees being considered for promotion, the following provisions will govern employees that are assigned to Engineering Supervisor positions. Accordingly,

IT IS HEREBY AGREED:

Section 1. The Company may establish positions indicated in Section 2 hereof that are excepted from the promotion, assignment and displacement rules of the Collective Bargaining Agreement. The monthly salary shall compensate for all services rendered seven (7) days a week and is not subject to any overtime or holiday rules of the Collective Bargaining Agreements.

It is further understood that only the following provisions of the Collective Bargaining Agreement effective April 1, 1991, as revised, are applicable to positions identified in Section 2 hereof.

Rule 1 – Customer Service
Rule 11 – Applications
Rule 12(c) – Seniority Datum
Rule 25 – Leave of Absence
Rule 26 – Leave of Absence – Employee Representatives
Rule 29 – Jury Duty
Rule 31 – Vacation
Rule 38 – Bereavement Leave
Effective Date
Addendum 4 – Union Shop
Addendum 5 – Union Dues Deduction
Addendum 6 – Physical Disqualification
BMW National Health and Welfare Plan

Section 2. Monthly salaries will be as indicated below subject only to future wage adjustments based on recommendations of management. In determining whether an employee is qualified in Level 1 or Level 2, time assigned to previous non-agreement and/or union positions may be included if deemed appropriate by management. Management will be the judge as to which level will be paid to an employee.

Engineering Supervisor Level 1 - \$4,700.00
Engineering Supervisor Level 2 - \$4,400.00

Qualifications

Engineering Supervisor Level 1- Five (5) or more years experience

Engineering Supervisor Level 2 - Less than Five (5) years experience

An individual will be advanced from a Level 2 to a Level 1 at the beginning of a quarter period, i.e., January 1, April 1, July 1, or October 1, immediately following the month in which the individual attains the five years of supervisory experience.

There is nothing contained in this Agreement nor any other Agreements that requires positions' established pursuant to this Agreement to be filled on rest days, vacations, or whenever the position is vacant and in the

judgment of management does not require being filled.

Section 3. Positions identified in Section 2 hereof will be filled on the basis of qualifications and fitness, management to be the judge. An employee appointed to one of these positions may be released from such assignment at the discretion of management.

Section 4. Positions established pursuant to the Agreement will be filled by appointment. An employee desiring one of these positions should submit a written request to the designated company manager. There will be no seniority established as a result of being appointed to, or while occupying, one of these positions.

Section 5. The positions identified herein may be utilized anywhere on the entire MidSouth system at the discretion of management.

When an employee is released from a position identified in Section 2 of this Agreement, the employee if covered by the Collective Bargaining Agreement, April 1, 1991, as revised, must return to their previous position which was occupied immediately prior to promotion to a position identified in Section 2. In the event the former position has been abolished or occupied by a senior incumbent, the employee must exercise seniority within ten (10) days of his release.

Section 7. It is recognized that the positions identified in Section 2 hereof are non-agreement, however, the employees in such positions may perform incidental tasks, which are covered by the collective bargaining agreement. Furthermore, such agreement or non-agreement work cannot be used as a basis for a claim on behalf of any employees.

Section 8. This agreement shall become effective December 16, 2004, and shall remain in effect until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

Signed this 13th day of December, 2004.

**For the Brotherhood of Maintenance of Way
Employees:**

(Original signatures not reproduced)
Hayward Jude Granier
General Chairman – BMWE

For the Kansas City Southern Railway:

(Original signatures not reproduced)
John S. Morse
Director Labor Relations

(Original signatures not reproduced)
E. M. Bouchard
Vice President Labor Relations

AGREEMENT
Between
KANSAS CITY SOUTHERN
And
THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

(including the Kansas City Southern, Louisiana and Arkansas Railway, Joint Agency, MidSouth Rail Corporation, SouthRail, and Gateway Western Railway)

Kansas City Southern Railway (Carrier) is continually upgrading its heavy track maintenance equipment and desires to operate this equipment with employees capable of safely obtaining maximum performance, production, and utility. One such piece of equipment is the Plasser DynaCat Tamper (DynaCat Tamper), the operation of which is complex and calls for highly specialized training and, accordingly, a separate operator classification. The Parties recognize this need, and therefore

IT IS AGREED:

1) The Carrier will develop and establish a program for training employees to test for, qualify on, and become assigned as DynaCat Tamper Operator. Employees wanting to test for, qualify on, or become assigned as DynaCat Tamper Operator must first satisfactorily complete the training program. No employee may be tested, qualified, or assigned as DynaCat Tamper Operator without first having satisfactorily completed the training program.

2) Initially, and subject to Rule 10-Promotions, the Carrier will bulletin DynaCat Tamper Operator positions for system-wide seniority choice of employees holding machine operator seniority. The bulletin will identify qualifications, the number of positions available, the date, time, and place for training, and the expected duration of the training period. Successful applicants will be timely released from their assignments so as not to interfere with the training schedule.

3) From the general pool of applicants the Carrier will develop a list of those meeting the qualification criteria, including the successful applicants. This list shall be referred to as the "DynaCat Tamper Operator System Bid and Displacement List." Employees populating the list will be ranked in machine operator seniority order, except that dated DynaCat Tamper Operators will be placed in seniority order above all others (see Section 7). Thereafter, as the need for additional DynaCat Tamper Operator training arises, untrained employees on the list will be canvassed in seniority order for placement in training. Employees declining training will be removed from the list. Untrained employees may elect to remove themselves from the list after a one (1) year period. Once trained, the junior-most

DynaCat Tamper Operator Agt. p. 1 of 4

employee(s) on the list may be forced. From time to time the Carrier may advertise for placement on the list. The successful applicant(s) for such placement shall be placed in seniority order and entailed to the list.

4) Training sessions may be held on or off-property, for a duration to be determined by the Carrier, with the trainees' actual and necessary expenses borne by the Carrier. During the training period, trainees will not be subject to schedule agreement rules governing starting times, basic day, basic work weeks, meal periods, overtime, etc.

5) The trainees' rate of pay shall be at the hourly rate of the last position assigned. When multiple trainees are assigned to the same training session, each shall be paid the same, ie., at the highest of the hourly rates of the last positions assigned.

6) Following satisfactory completion of the training program, if for any reason a trainee is not immediately assigned as DynaCat Tamper Operator, at the Carrier's discretion, the employee may be required to complete a refresher course of instruction (or in-house briefing) prior to testing, qualification, and assignment as DynaCat Tamper Operator.

7) A new, system-wide seniority classification designated "DynaCat Tamper Operator" shall be established. DynaCat Tamper Operator seniority shall be established on the first day an employee renders service as DynaCat Tamper Operator. Seniority for purposes of assignment as DynaCat Tamper Operator shall be determined on the basis of each employee's relative standing on the "DynaCat Tamper Operator System Bid and Displacement List," with dated DynaCat Tamper operators placed in seniority order before all others. Only a qualified senior employee who has been displaced or whose position has been abolished may displace an employee assigned as DynaCat Tamper Operator.

8) DynaCat Tamper Operators may operate throughout the Carrier's consolidated system. All such positions shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as amended, except as otherwise provided herein.

9) Employees assigned to DynaCat Tamper Operator positions will be required to remain in their positions for no less than a one (1) year period. An employee bidding away from such position after the completion of the one (1) year period will be released within thirty (30) calendar days subject to the availability of a qualified employee off the System Bid and Displacement List. An employee assigned as DynaCat Tamper Operator may bid to other positions while in his/her one (1) year period as long as the effective date of such position is subsequent to the end of the employees' one (1) year period.

10) Release from the position prior to the completion of the one (1) year period will be allowed for documented hardship reasons that involve the personal health of

the employee, the personal health of an immediate family member, or other extenuating reasons. The employee's Director or his designee and the employee's general chairman will have to agree to such a release. An employee granted a hardship release will be released within thirty (30) days subject to the availability of a qualified employee off the System Bid and Displacement List. The released employee will be allowed to exercise seniority rights pursuant to the terms of the collective bargaining agreement.

11) The DynaCat Tamper Operator's rate of pay shall be \$20.20 per hour subject to general wage increases and cost of living adjustments.

12) Each employee assigned as Dyna Cat Tamper Operator who does Dot vacate the assignment voluntarily for a period of at least one (1) year shall be entitled to a lump sum payment annually not exceeding \$2,000.00 and, it shall be paid within 30 days after completion of the one (1) year period. If the carrier abolishes the position in less than one (1) year, the carrier will be responsible for payment of the prorated production incentive earned as of that date.

13) The work week of a DynaCat Tamper Operator may be established to coincide with the work week of the gang to which assigned, or generally, under a five-eighths arrangement, a four-tens arrangement, an accumulated rest day arrangement, or a compressed half arrangement, or other such arrangements as deemed satisfactory between the Carrier and the operator, with advice of such to the general chairmen. Changes in the work week cannot be made without four (4) working days notice to the operator.

14) In regard to the DynaCat Tamper Operator classification, the terms and conditions set forth in this Agreement shall supersede conflicting positions in the collective bargaining agreement.

15) In regard to the DynaCat Tamper Operator classification, no provision of the Mediation Agreement dated February 7, 1965, as amended, (Feb. 7th) shall operate to divest an employee of his or her Feb. 7th protection. While employees may secure Feb. 7th protected status while employed in this classification, no employee shall be required to exercise seniority to, or otherwise accept employment in, the Cat Tamper Operator Classification in order to retain Feb. 7th protected status.

16) Counterparts. This agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement. Each counterpart may be faxed to the Carrier, with faxed signature sufficient to evidence execution, and original to follow in U.S. mail.

17) This Agreement may be cancelled effective on December 31st of each calendar year provided that notice is received by the other party no later than September 1st. Faxed service of notice will be sufficient to trigger the notice period, with original to follow in U.S. mail. Prior to service of notice, the serving party shall advise the other of the condition or circumstance giving rise to the notice, and,

when practicable, the parties shall meet in an effort to resolve the condition or circumstance. Following service of notice, the parties shall meet within thirty (30) days in an effort to resolve the condition or circumstance giving rise to the notice.

18) This Agreement will become effective December 5, 2005. It is without prejudice to the respective positions of either party and will not be referred to in any other forum except as necessary to resolve issues arising out of this Agreement.

FOR THE EMPLOYEES:

(Original signatures not reproduced)

Hayward J. Granier
General Chairman BMW

Date 12-05-05

(Original signatures not reproduced)

Bill R. Palmer
General Chairman BMW

Date 12-05-05

APPROVED:

(Original signatures not reproduced)

E. Richard Spears
Vice President BMW

Date 12-05-05

FOR THE CARRIER:

(Original signatures not reproduced)

J. G. Albano
Director of Labor Relations

Date 12-05-05

(Original signatures not reproduced)

Emerson Bouchard
Vice President Labor Relations

Date 12-05-05